THE BUSINESS WEEK

A Journal of Business News and Interpretation

APR 7 1930

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TIME, SPACE, AND THE BALANCE SHEET

Let us assume that time and space appear on your cost sheets under such names as labor, rents, or depreciation; and that your profits increase as the cost of these items decreases.

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Nitrocellulose lacquers and solutions are finding new uses every day. To help those who believe this material may reduce their costs and improve the appearance and saleability of their products, we have prepared a booklet "The Story of Modern Lacquer."

Paint, varnish, and lacquer manufacturers make and sell nitrocellulose lacquers. They maintain costly research departments in order to help you determine the lacquer which will suit your needs, or to develop a new one for you. Consult the firm that supplies your finishing materials, and write us for the booklet.

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THE BUSINESS WEEK (with which is combined The Magazine of Business). April 9, 1930. No. 31. Published weekly by McGraw-Hill Publishing Company, Inc. Tenth Avenue at Thirty-Sixth Street, New York, N. Y. James H. McGraw, Chairman of the Board. Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. 15c per copy. Entered as second-class matter February 15, 1930, at the post office at New York, N. Y., under the Act of March 3, 1879. Printed in U. S. A. Copyright 1930 by McGraw-Hill Publishing Company Inc.

What's In This Issue—And Why

THE tariff is no longer a local, or even a national issue. Business men replying to *The Business Week's* telegraphic survey of tariff opinion, show a new consciousness of its international effects in replies quoted at length in this issue. Many of them strongly favor a non-partisan commission.

IS radio advertising being used effectively? The Association of National Advertisers wants to find out and is going to interview 17,000 set-owners in the most complete audit of broadcasting yet attempted.

AMERICAN insurance companies have settled their long dispute with German clients and are making up for time lost since the mark deflation. Two German companies have passed into American hands. The failure of another has strengthened German preference for foreign policies.

THE potential market for home modernization runs into billions. But Big Business has not yet sought to cultivate this market nationally. Four huge corporations are said to have plans. If even one carries them out, stimulation to business will be widespread.

ANTICIPATED spring pick-up in business will require an immediate expansion of credit. A study of the financial outlook at the beginning of the year's second quarter furnishes many hopeful signs, especially in the bond market.

PLOWS of the Northwest and South are now writing the next big piece of news on the battle of the wheat and cotton. The Farm Board hopes that they'll cut fewer furrows than last year, but early estimates predict a 2% increase in crop acreage.

THE greatest rail unification in history hangs by a thread. The thread is the Burlington line from Chicago to St. Paul. The Northerns say they can't merge without it and will split Burlington to get it.

KANSAS believes in consistency. It has ruled that, if farmers can cooperate to fix prices, so can retailers. The growth of the retail cooperative movement depends largely on whether other states follow suit.

IF Russia wants to, she can demoralize foreign markets by jamming them with Russian goods offered at prices no competitor can meet. Her economic system makes such a move possible, her political theories make it probable. Europe is haunted with fears of a titanic dumping campaign to wreck the world of capitalism.

"FOREIGNERS" have set foot on New England soil. Sectional leaders calling for "a New England system of railroads, owned and controlled by New England capital" were dismayed this week by the news that the Pennsylvania now controls the New Haven and the Boston & Maine, by rumors that the omnipresent Van Sweringens are buying into other Yankee lines.

JUST to show how railroads could work with railroad-owned ships, B. & O. ran a fast boat-train from Philadelphia to a New York pier this week and President Willard predicted the day when transatlantic travelers can always step from stateroom to Pullman compartment.

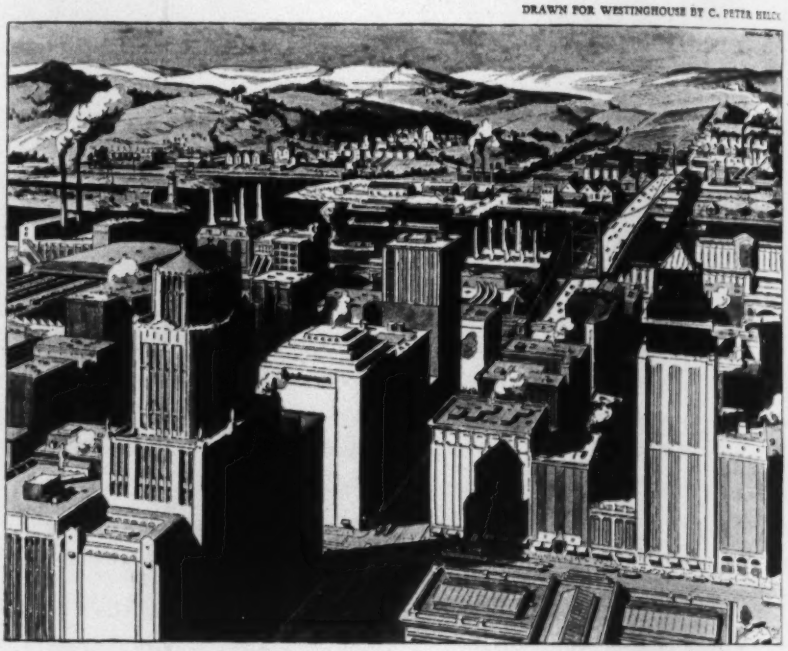
MAKING war on the chain stores is growing into a big industry itself, it appears from the first general compilation of hostile organizations, radio stations, newspapers, and leaders.

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION
Publishing Director—JAY E. MASON General Offices, Tenth Ave. at 36th St., New York City Subscription Rate $5.00 a Year

More Light . . . More Air . . . More Convenience

ELECTRICITY'S BUILDING CODE

DRAWN FOR WESTINGHOUSE BY C. PETER HELCK



THE building that made eyes brighten in admiration less than two score years ago wouldn't pass muster at all today. The unwritten code of improvements put into building practice by electricity gives those who dwell in the modern home, apartment, or hotel comforts and conveniences unknown in the last generation. Thanks to electricity, the worker in office or industrial buildings has new safeguards to health, new ways to save time and reduce the strain of toil.

Electric motors drive fans and suction ventilators circulating fresh air to every corner. Electrically operated office appliances speed the writing of business records. Water gushes from faucets fifty stories above the street because electric-driven pumps put it there. On dark nights and sullen days the flick of a switch floods rooms with cheerful light. Because of electric automatic control developed by Westinghouse, modern elevators whisk you from floor to floor with new smoothness and comfort.

To owners or tenants, in buildings of every size or type today, Westinghouse engineering and Westinghouse electrical equipment help to provide more comfort and satisfaction for the purchase price or the rental fee. Westinghouse service is complete.

ELECTRIC POWER BUILDS BUYING POWER

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending April 5, 1930

Farm Board Watches Planting As Estimates Show Increase

Spring brings threat of crop acreage gain And new complications in world markets

THE scene of the agricultural news this week has shifted from Washington to the Northwest and the South where farmers' plows are writing the first lines of this year's agricultural drama across the fields, and to scattered places around the world where governments and others are setting the marketing stage for or against them.

The Farm Board watches all this quietly. There is not much it can do as spring planting begins but hope for the best—that is, the least in terms of acreage. Preliminary estimates of the Crop Reporting Board as of March 1 indicate that farmers have planted or intend to plant a total acreage of principal crops, except cotton, about 2% above the acreage harvested in 1929. A decrease of 3.7% is anticipated in spring wheat, made up of a 15% cut in the durum wheat acreage and no material change in the ordinary spring wheat. Less land will be put in peanuts and tame hay, but more in corn, oats, barley, rice, flaxseed, tobacco, potatoes, and a few other crops. Chairman Legge is sure farmers will turn out, on later reports, to have been kinder to him than this indicates, and that even his hoped-for 10% cut in spring wheat will be realized. More winter wheat was planted last fall, and the crop appears to be in pretty fair condition. The estimated decrease in spring wheat acreage will just about offset this—if it materializes.

Australia to Aid Pool

The Commonwealth Bank of Australia has given assurance that it would cooperate in a scheme for financing the proposed Australian compulsory wheat marketing pool now under organization. Australian farmers say they intend to plant a larger acreage if the United States cuts her production.

The French government is subsidizing the export of 8 million to 16 million bushels of wheat. Germany has just raised the tariff on foreign wheat to nearly 78 cents a bushel, and tightened her milling regulations to increase the use of domestic rye in bread making—all of which is expected to keep down wheat imports for the rest of this year.

These straws indicate how the wind blows abroad so far as future wheat markets are concerned. Temporarily the export movement of our wheat has improved somewhat. The visible supply is being reduced at a somewhat faster rate than last year, but not fast enough to make up for slackness in exports in the past two months. Moreover, Canada is reducing her surplus faster than we are. The Farm Board still supports our market on slumps and is probably holding about 50 million bushels now.

National Policies Vary

There is some uncertainty about crop-holding policies in other countries. Besides raising the wheat tariff, Germany has created a federal corn monopoly to handle domestic and imported corn. Great Britain, however, has refused to subsidize or guarantee the price of West Indian sugar, but apparently the single selling agency for Cuban sugar will be continued for another year. Although Cuban producers are opposed to going on with it, American interests, which control 60% of the production, feel that the plan should be continued because it may teach the Cubans, originally so strong for it, a needed lesson in the disastrous effects of controlled marketing.

Farm Board operations in cotton are uncertain and mysterious, and the situation of the Farm Board Cotton Marketing Association is generally described as a muddle. The Board is supposed to have hesitated to act for fear of stimulating increased planting at this season; but the reason appears to be that the marketing machinery is not yet well-organized. The Board has not yet been able to find a general manager for the Corporation, and has had some difficulties in rounding up the cooperatives. In Texas, farmers have hesitated to come into the Texas Farm Bureau Cotton Association because they do not want to share the liabilities of the Association as it stands. The Texas Bankers Association is advising them to join on the assurance that the new membership would be so segregated from the older body that they will not be obliged to assume any of its obligations.

The marked strengthening in cotton

The Business Outlook

THE latest weekly crop of indicators shows few promising buds on the tree of business and scarcely any blossoms except the precarious and premature daffodils in the stock market. Steel is struggling fairly successfully to hold its level at the average of years before 1929, in face of uncertain, scattered breezes of hand-to-mouth demand from sources outside automobiles, and at the cost of continuing weakness in prices. Building continues to bloom hopefully and vigorously under warmer spring sunshine. Commodity prices, chiefly in agricultural groups, are somewhat steadier pending clearer determination of crop prospects.

But general trade in the last weeks of March has not yet felt the effects of the spring tonic of easy money. Carloadings and check-money turnover are still lagging lethargically behind recent years. March mortality in business was high and failures continue to run in the formidable five-hundreds weekly. Railroad shippers do not expect to put in any urgent call for cars in this quarter and commercial loans of member banks do not indicate any of the usual spring clamor for funds from business. The stock market alone has so far been moved by melting money rates to count a business come-back as a swift and certain thing and so to fling its cast-off garment of repentance into the fires of spring. A rising tide of brokers' loans and a late Federal Reserve frost may make it wish it hadn't.

prices in the past week or so is ascribed in the trade to the feeling that the Farm Board, through the cooperatives, will call for deliveries on May and July future contracts, so that shorts have had to cover themselves.

Farm Board plans for centralizing Northwest wheat marketing also continue in difficulties. A new association, The Equity Union Sales Company of Aberdeen, South Dakota, was recently added as a fourth regional association in the Northwest wheat trade. Competition among the co-ops in this area for farmer clients is keen, and the agencies and their officials are jealous of their independence, prerogatives, and positions. Similar difficulties are understood to be holding up the actual launching of the National Livestock Marketing Corporation, and have prevented practically any progress in marketing fruits and vegetables so far.

The National Wool Marketing Association is making a strong bid for membership and unity by promising to its members loans amounting to 90% of the value of their wool. This is practically a price guarantee. If prices rise producers will profit; if they fall more than 10% they will lose nothing. The government will stand the loss. So far as the producer is concerned, this is an improvement on the experience of the British wool selling associations, which, during the past five or six years, have fairly consistently lost money, the loss this year being 25% to 50%.

Farmers will probably have to pay back to the association a considerable part of the money advanced to them, in some cases up to 10 cents a pound. This has nearly exhausted the association's funds and many farmers are expected to break away from them and sell their 1930 wool independently.

Out of Trenches By May 1?

VIRTUALLY by a party vote, after a 3-hour debate, the House sent the tariff bill to conference Wednesday. No schedules were permitted to be opened for debate, but a "gentlemen's agreement" has been reached providing for debate and separate votes on the lumber, sugar, cement, and shingle schedules of the conference bill.

The Senate's debenture plan and the House flexibility clause are expected to cause most trouble in conference. House leaders are against the debenture and want their own flexible provisions. They gave no promise of a separate vote on the debenture plan. Senator Smoot assured his colleagues that Senate conferees would insist upon their own proposals and would bring the measure back to the Senate for instructions before submitting to House demands.

The tariff conference started work Thursday and will meet twice daily in an effort to reach an agreement by the first of May. Representative Graner, Democratic leader, issued a ukase against secret meetings. If meetings of the conference committee are not made public he threatens to devote 10 minutes on the House floor daily to telling what went on behind the closed doors.

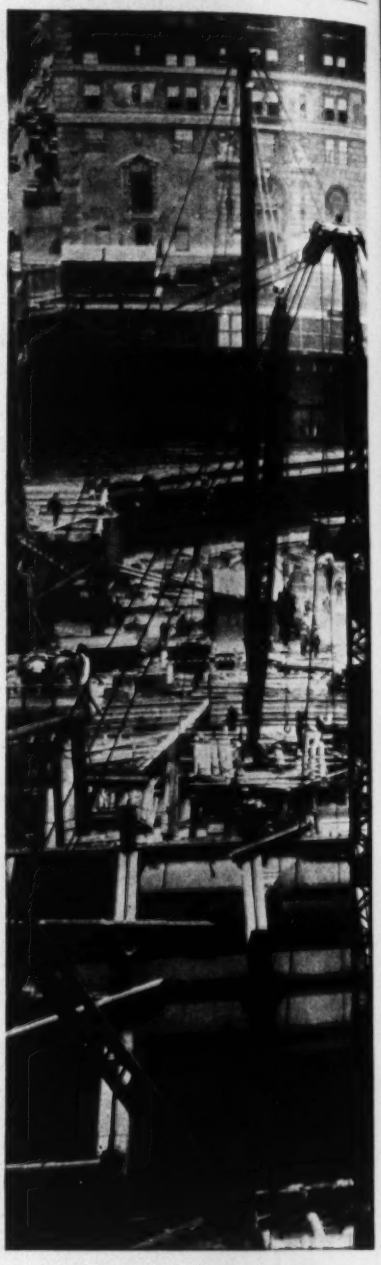
Money Makes Governments Go

THE British government closed its fiscal year on March 31 with a deficit of $72,600,000, according to figures published this week. A year ago, there was an estimated surplus of $20,400,000. Philip Snowden, Chancellor of the Exchequer, will not reveal his budget for the new year until April 14, but higher taxes are certain.

Receipts from taxation fell off because of the business decline. The government has spent large sums to help the unemployed, and other large sums have gone for widows and orphans, for old-age pensions, for labor and health service, for education. Many of the new schemes must be abandoned unless new and additional taxes are imposed, and the government is almost certain to ask for higher taxes. The Laborites are thus put in a very vulnerable position, and the fall of the MacDonald ministry is not impossible.

The plight of the British is not an isolated case in the field of European governmental finance. Numerous difficulties confront all of the important nations, although they have their budgets in working order and have progressed far from the chaotic conditions that prevailed after the World War. Six European ministries have been overthrown within recent weeks, largely because of financial troubles, many of which were due to unsettled world economic conditions. Business depression, bringing smaller tax yields, has hurt many Treasuries. Unemployment has brought demands upon the governments, has led to various Socialistic schemes, all of which cost money and embarrass the Treasuries.

Last week saw the fall of Herman Mueller's government in Germany. His Cabinet quit abjectly rather than face certain defeat on a new finance bill and acknowledge inability to solve the unemployment problem, which is very acute throughout Germany.



Tardieu's government fell in France because of the unpopularity of its financial program. The French Financial Minister wanted to preserve France's huge balances; the Chamber of Deputies wanted to spend them and reduce taxes. The matter got out of hand when Tardieu went to London. Since forming his new government, he has remained in Paris and devoted himself to financial matters, promising a complete reform. He has already divided the finance portfolio, and has both a budget minister and a finance minister. With all her huge balances France scarcely knows

Business Week—International News

NEW YORK'S UNDERWORLD

While the New York Central trains roll through the excavation unconcerned, workmen cut down the remaining supports of the old railroad power house, dig the cellar, and put in foundations which go down past the lower level of the network of tracks. In the midst of it all, the steel for the new Waldorf-Astoria is hoisted into position

where she stands, for the budget is in such a state that, at times, a huge surplus for the year just ended is indicated, while, at other times, a deficit seems likely.

The Bartel cabinet in Poland, supported by Marshal Pilsudski, went out in the middle of March. Since then, things have been very much unsettled. The budget is balanced, but economic conditions are unsatisfactory.

The fall of Primo de Rivera in Spain was due, in part, to financial troubles. He emphasized thrift but failed to practice it. Instead, he gave huge subsidies to railroads, merchant marine, aviation, hydro-electric projects. Heavy expenditures, plus an unfavorable trade balance, weakened the country. The budget was balanced only by loans, and the peseta, shaky for a long time, finally gave way last fall and dropped.

Unemployment insurance brought about the fall of the Irish Cabinet last week, with the aid of other financial difficulties.

Tariff Truce Has Friendly Press

SCANNING the news of a week ago, European editors have commented, on the whole, with unexpected optimism on the results accomplished by the Geneva Tariff Truce Conference.

True, they poked it full of holes, called the convention signed by 11 nations a "house of doors and windows" from which escape is possible at any moment through emergency exits which are the special conditions attached to every clause.

Skeptics point out that when ministers of commerce of 18 European countries convene personally under the auspices of the League of Nations and are able to accomplish only a temporary agreement, valueless as a binding engagement, this is proof that Europe is still very much a dissociate mass.

International Viewpoint Grows

Other editors are more hopeful, point to the fact that 9 of the 11 signatory countries form a mid-European bloc embraced in the triangle marked by Britain, Germany and Italy. They point out that the conference represented a joint moral undertaking which will effectively restrain capricious and unduly egotistic tariff change by imposing observance upon each signer, unless ready by his own denunciation or violation to assume responsibility for provoking dissolution. Recognizing national economic differences, it is considered the only possible form of agreement with a chance for survival and development into a permanent association.

European business is relieved with the results. Apart from any selfish motives in opposing limitations on tariff independence and latitude, the whole move is considered premature and dangerous. The value in bringing trade and tariff issues into the open is recognized and since only loose truce obligations have been assumed, each national business group will be more inclined to support a succeeding conference.

The conference opened with strong European self-consciousness, and considered, among the first measures, those designed to divorce non-European third countries from enjoying, through most-favored-nation treaties, benefits accorded other European countries. It closed with a new realization of the value of introspection in solving national policies, with better judgment on the value of cooperation among groups of countries with allied economic interests.

German Talkie War Comes Home To New York and May End There

WHAT is going to happen to American talkies in Germany? For nearly a year a war has raged between German and American film interests. This week, representatives of Warner Brothers, producers of talkies, moved the fight to New York.

Talkies came to the world through Vitaphone, a Warner Brothers development. Western Electric was working on a talking picture project. An agreement was made between the two covering future development. The Warner claim is that it was to receive a percentage of the profits on all talkies reproduced by Western Electric equipment. When, later, Western Electric made special agreements with other American producers—Paramount, United Artists, M-G-M, Fox, Universal, and Columbia—the percentage of profit wasn't forthcoming to Warner Brothers. Litigation was started, is still pending.

In 1928, Western Electric began the installation of talking equipment, at home and in the larger cities of Europe. Following these installations came special agreements with the 6 large producers listed above whereby, in all dealings (including those abroad), Western Electric agreed to handle all litigation which might arise. In return, the 6 producers accepted the Western Electric equipment monopoly.

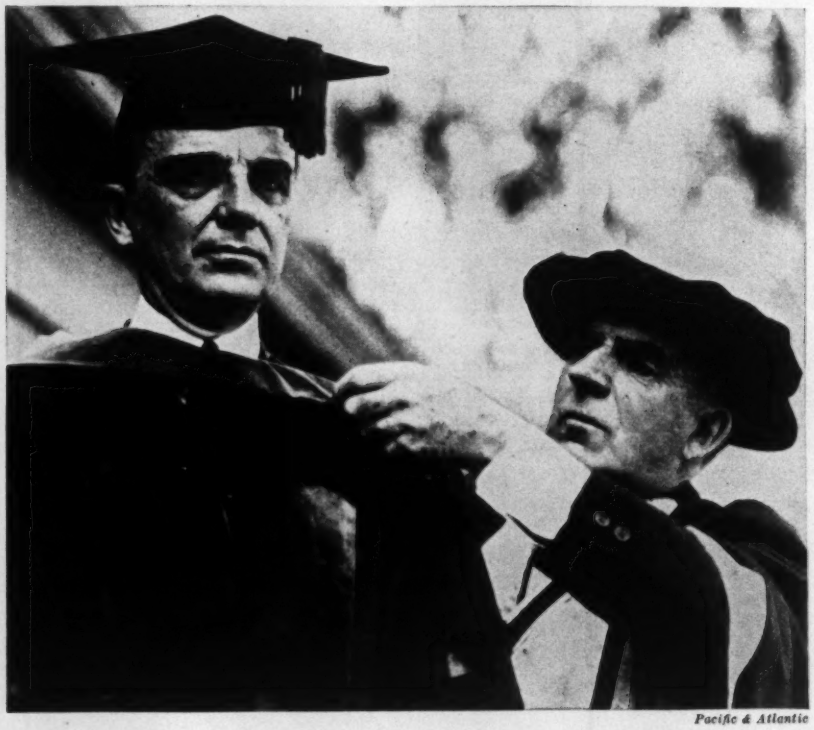
Litigation did come, and soon. Tobis-Klangfilm, rapidly pyramiding German producer of talking equipment, had as ambitious plans for expansion as had Western Electric. Suits claiming patent infringement were brought against Western Electric in nearly every country, only to run into countersuits from the powerful and wealthy American interests. Western Electric continued to operate, and potently, in all countries until 1929. Then Czechoslovakian, Swiss, and Austrian law courts hesitated, and Western Electric installations were allowed to operate only under bond.

Halted by Injunction

Naturally, opposition was greatest in intensely nationalistic Germany. When Western Electric made installations in three theatres, an injunction was promptly brought against the company, the courts ruled it valid, and the Americans were forced to discontinue operations.

There is still another knot in the tangle. Unlike American law, European legislation forbids the use of products made on equipment which is denied entry. As a result, all talkies recorded in this country on Western Electric equipment (again the list of 6 potent producers) are denied entry into Germany even when reproduction is on the Tobis-Klangfilm apparatus.

When Warner officials went to Holland and Germany in March to negotiate with Tobis-Klangfilm, the movie world professed ignorance of their aims. When they returned last week accompanied by Tobis officials, interest became intense. Are Warners disgruntled over the failure to come to an agreement with Western Electric and so negotiating a separate agreement with Tobis which will give them outlets in Germany and in other Tobis territory? Or are they secretly negotiating for themselves and Electric Research Products, Inc., wholly owned by Western Electric? If the latter is true, it means that Tobis officials have at last overcome internal differences and have prepared to settle on a geographical allocation of talkie outlets, something Western Electric has long been ready and willing to negotiate, since it already is 4 years behind on orders for installations in 41 countries in which its 5,197 installations have made talkies popular.



Pacific & Atlantic

DOCTOR YOUNG

Owen D. Young, A. B., LL. B., D. Sc., many times LL. D., receives an honorary degree from the University of California where he spoke during the Charter Day exercises. President W. W. Campbell ties the robe

Shipping ► **Lloyd-Hapag Merger May Start Others**

European Bureau The Business Week

EUROPEAN shipping interests are rolling in a heavy swell following the Lloyd-Hapag merger last week. Uneasiness is perceptible but no moves toward further cooperative agreements or actual mergers have been made public.

In Rotterdam, careful observers anticipate some cooperative agreement among Dutch shippers which will strengthen their position in world trade. In Liverpool, Sir Thomas Royden, chairman of the Cunard Lines, denied to a representative of *The Business Week* that Cunard and White Star will combine to meet the new German competition on the Atlantic.

London, jealous of size and prestige, is waiting for Sir Thomas' speech at the annual Cunard meeting on April 9. What he may say will be taken to indicate the policy which will be followed by all British interests. Opinion holds that the German move brings appreciably nearer some realization of Lord Kylsant's suggestion for a national merger of British shipping.

New England Stirred by Threat Of "Foreign" Rail Control

NEW ENGLAND'S railroads held the center of the stage this week upon disclosure that Pennsylvania Railroad interests now have control of the New York, New Haven & Hartford and the Boston & Maine.

One of the principal results of the disclosure is the probability of an investigation by the Interstate Commerce Commission, inasmuch as the Pennsylvania's holdings in the two roads are large enough to come within the commission's definition of working control. The railroad owns 11% holdings direct in the New Haven, and 9% indirect through its investment affiliate, Pennroad Corporation. The New Haven holdings in the B. & M. (28%), with those of Pennroad (15%), insure working control of that road. It is generally understood in rail circles that purchases have been made for Pennroad in both the Maine Central and the Bangor & Aroostook, although transfers of stock have not necessarily taken place.

As usual, rumor has the Van Sweringens in the picture. It is said that the famous brothers are disturbed at the growing influence of the Pennsylvania in New England and that they are about to indulge in competitive buying of shares in Maine Central and Bangor & Aroostook. This rumor the Clevelanders vigorously deny, feeling that New England desires no trunk line interference in ownership and management of these properties.

Hudson Natural Line

The I. C. C. consolidation makes the New Haven and the B. & M. heads of independent systems. It also assigned the important bridge lines, Lehigh & New England and Lehigh & Hudson River, to the New Haven system, while the Delaware & Hudson is tacked on to the B. & M., pushing both these lines into trunk line territory. According to both Daniel Willard of the Baltimore & Ohio, and the Van Sweringens, this is a serious mistake, as it would work to the disadvantage of some trunk lines and the distinct advantage of others. It is held that the natural points of interchange are at the Hudson River gateways, as the Hudson constitutes a natural dividing line.

W. W. Atterbury, president of the Pennsylvania, declares himself in favor of consolidating the New Haven and the B. & M. Such consolidation would give the Pennsylvania a more comprehensive system in New England (4,240 miles of track) than is afforded the New York Central by ownership of the Boston & Albany (625 miles). In the I. C. C. plan, the Boston & Albany is assigned to the N. Y. C.

Significant as indicating the attitude of New England industry in the whole matter is the statement of Cemens J. France, industrial director of the Providence (R. I.) Chamber of Commerce, speaking at the quarterly meeting of the New England Council this week. "Unless and until we have a New England system of railroads, owned and controlled by New England capital," he said, "the great opportunity for developing commerce through New England ports shall avail us little or nothing."

Railroads ► **Second-Class Cars To Meet Bus Fares**

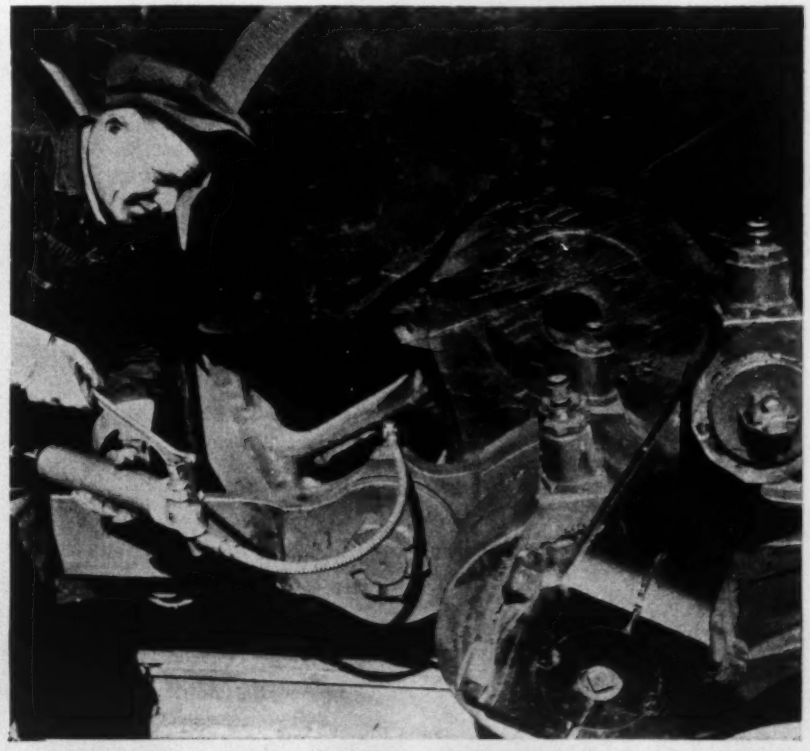
THE railroads, not content to sit back and watch long-distance bus lines get all the benefits from developing a new class of passenger traffic, plan to cut in on it vigorously.

Analysis shows that a large proportion of passengers on the long-haul bus lines have neither the means to own automobiles nor to ride the trains. Even day coach rates (3.6 cents a mile) are too high for them. They are willing, however, to pay the 2.2 cents charged on the buses. The long-distance buses last year carried 38,000,000 persons and had a revenue of $47,500,000.

It is proposed that the railroads offer three classes of service: Pullman at 4.5 or 5 cents a mile; first class, in modern day coaches (reserved seats, observation car privileges, superior sanitary arrangements) at 3.6; second-class, in the older day coaches, at a rate to meet the bus fares.

Construction ► **Tacoma Develops Port Facilities**

THE Pierce County Port Commission (including Tacoma, Wash.) has embarked on a $1,000,000 building project which will provide a $500,000 grain elevator and a $300,000 cold storage plant plus additional pier facilities. The new grain elevator is expected to regain for Portacoma the position it once held as a grain shipping center. The cold storage plant is to provide facilities equal to those of any Pacific Coast city.



EXIT THE OIL CAN

The long-spouted oil can, insignia of the railroad engineer, will soon give way to the modern high-pressure grease gun. Here, one of the big freight-pullers of the Northern Pacific is getting a grease job

American Insurance Companies Make a New Start in Germany

Two recent events constitute important landmarks in the post-war development of American insurance business in Germany. One is the settlement by the German Supervisory Board for Private Insurance of claims of German insurants against American life insurance companies operating in Germany before the war. The other is American purchase of control in two German insurance concerns.

Before the war, two American life insurance companies maintained branches in Germany. About 10,000 Germans were insured with the New York Life Insurance Co. for 300 million marks. Some 6,000 were insured with the New York Germania Life Insurance Co., for 240 million marks.

Deflation Was Ruinous

Foreign insurance companies doing business in Germany were forced to invest the major part of their reserves in German securities, real estate, and mortgages. Consequently, American companies incurred heavy losses from the war and the deflation.

The insurants of German companies had to be content with 10% and 12% of the original mark value of their policies. But Germans insured with American companies demanded a 100% settlement. They held that, although American companies lost on their investments in Germany, their main reserves invested in the United States remained intact.

However, the German Supervisory Board settled on a 15% revaluation. This decision probably will clear the road for a new expansion of American insurance in Germany, now lagging far behind other branches of American business activity there.

Buy German Companies

As a sign of the coming revival, an American insurance concern (The Globe Underwriters Exchange Inc., New York, in conjunction with the Rossia Insurance Co. of America, Hartford) recently acquired a controlling interest in the Germania Insurance Company, consisting of three companies and formerly owned by the German financier, Herr Michael. The same American group had previously acquired the German life insurance company "Iduna" and the two concerns are now under joint management. The aggregate gross premium receipts of the two German concerns are estimated at some 60 million marks a year.

The present moment is particularly favorable for American insurance companies entering the German market. By the sensational failure last summer of the "Frankfurter Allgemeine," the second largest German life insurance concern, the confidence of the public in the soundness of German life insurance has been shaken. There is a tendency to give preference to first-class foreign concerns of known reliability.

There have been some unfavorable comments in the German press on the revival of American activities. The German life insurance market is said to be saturated, life insurance written since the stabilization of the mark having reached the pre-war level (14 billion marks). But in Germany the middle-class lost practically all its savings through the deflation, and can more easily and quickly provide for possible emergencies by insurance than by slowly accumulating new savings.

Insurance ► **States Tighten Disability Clauses**

Disability provisions in insurance policies are going to be stricter. The definition of disability is to be narrowed down so that the insurant will have to show a greater actual need of benefits than is at present required. Changes are now being made in half or more of the states under the direction of state insurance commissioners.

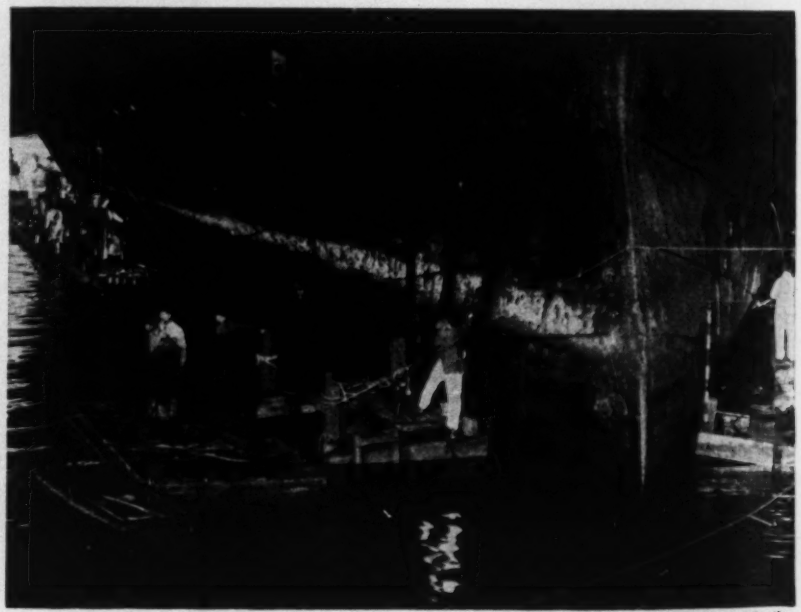
Disability provisions are inserted in life policies to make them more tempting. Competition between companies has brought a wide variety of such provisions and has gone to the point where many companies actually are losing money on disability activities.

The national association of state insurance commissioners decided last year things must be changed. Their actuaries and those of the companies got together, and have worked out standard clauses which many states are requiring companies within their boundaries to accept. In New York, Superintendent Conway has given the companies until June 1 to make the change. In other states, other dates are set for the change. Within a comparatively few years, disability provisions are expected to be standardized fairly completely throughout the country.

Insurance ► **Foreign Receipts Double Payments**

Foreign insurance companies operating in the United States took home considerably more money than they brought here in 1929.

Sixty-one foreign insurance companies reported to the New York Department for Insurance receipts of $11,110,986 from their home offices in 1929. They sent back to home offices $24,446,952.



Pacific & Atlantic

Cleaning Up For The Customers

The Leviathan in dry dock at Boston for her annual overhauling. Completely redecorated, she will sail April 12, ready for the tourist trade

Pacific & Atlantic

HERE FOR ENGINEERING ANNIVERSARY

Karl Maybach (left) of the Maybach Motor Works, and Dr. Conrad Matschoss, (right) secretary of the Berlin World Power Conference, as they arrived to attend the 50th anniversary of the American Society of Mechanical Engineers

Northerns End Merger Parleys Asking Burlington to Chicago

THE greatest rail unification in history is hanging on a thread. The thread is a modern double-tracked railroad between Chicago and St. Paul, 431 miles, and the merger is that of the Great Northern and the Northern Pacific (*The Business Week*, March 5, 1930).

No Merger Without Chicago Link

When the Interstate Commerce Commission granted these two systems permission to merge, but without their jointly-owned 10,000-mile Chicago, Burlington & Quincy subsidiary, consternation was manifested by executives and bankers of the interested lines. Within two weeks, a meeting was staged in New York between the presidents of the roads, Ralph Budd, of the Great Northern; Charles Donnelly, of the Northern Pacific; F. E. Williamson, of the Burlington; Arthur Curtiss James, largest individual security-holder in American railroads; representatives of J. P. Morgan & Company; Walker D. Hines, leading railroad attorney of the United States, and other interested parties, to discuss the commission's ruling.

Discussion centered on whether the merger could be put through without the Burlington, or at least its Chicago-St. Paul line. Subsequent meetings in the West were followed by another this week in New York at which the question was again threshed out. It appears that, as a result of these meetings, the merger will be thrown overboard if the roads cannot persuade the I. C. C. that the Chicago stem of the "Q" is absolutely necessary to the Northern lines. Without it, they agree, they cannot hope to compete effectively with the rejuvenated Chicago, Milwaukee, St. Paul & Pacific with its Chicago-Seattle line under one control.

No other connection east of St. Paul would be of value to the Northerns and so positive are they on this point that they are willing to dismember the great Burlington system to obtain their objective.

Dismember the C. B. & Q.?

Serving the entire Middle West, the Burlington's stock is 97% owned by the two Northerns. The I. C. C. in its merger plan proposed that the road be made the nucleus of a strong mid-western merged system. The heads and bankers of the Northerns aver that the system should be split—its strategic Chicago-St. Paul line allocated to them, and the remainder grouped with smaller lines in its territory.

Such a plan would tie into the ambitions of Arthur Curtiss James. He is already interested in Western Pacific (*The Business Week*, April 2, 1930) which, in turn, has a partial control of its connection, the Denver & Rio Grande Western. Dismemberment of the Burlington would give the Northern lines their Chicago outlet, while the remainder of the system would tie into a through route to San Francisco in conjunction with the Rio Grande-Western Pacific route.

Suggestions of other Chicago connections leave the Northerns cold. The North Western works via Omaha with the Union Pacific, rather than via the St. Paul. The Milwaukee has its own western line connecting with its Chicago-St. Paul; the Soo Line is a Canadian Pacific proposition; the Rock Island is a devious route, as is the Illinois Central-Minneapolis & St. Louis combination; the Chicago Great Western is not strong enough to feed the Northerns westbound, nor to handle their eastbound preponderance of traffic efficiently. They say that they have educated their shippers to the alleged great advantage of their Burlington entry into Chicago for the past 30 years. Now they would be lost without it.

Singularly enough, the Northerns interchange only one-third of their traffic with the Burlington, but they, nevertheless, regard it as an integral part unit of their service. In a passenger sense, they would be without a friendly touch in Chicago if they did not have the Burlington to handle their trains below St. Paul and to aid in soliciting business for their lines.

Railroads ►

B. & O. Tries Out A Boat Train

THE possibilities in coordination of rail and steamship lines were brought into the limelight this week when Daniel Willard, president of the Baltimore & Ohio, dramatically demonstrated the ease with which shipside passenger and freight service in the port of New York could be attained.

A section of the Capitol Limited, crack train of the B. & O., loaded with rail, steamship, and hotel officials, made a less-than-two-hour trip from Philadelphia to the harbor side of Staten Island and came to a halt on one of the 14 city piers built during the war at a cost of $32,000,000.

Thus B. & O. officials pointed out that transfer of passengers from the West direct to waiting transatlantic liners, and vice versa, was no longer beyond the realm of possibility. Rail officials, with an eye on acquisition of transatlantic steamship service (*The Business Week*, April 2, 1930) watched the demonstration closely.

Labor ► **Dayton Mobilizes To Aid Jobless**

DAYTON, O., is trying to chase the unemployment bogey out of town and keep it out. Its attempts started last fall before unemployment began to make the front pages. Representatives of its industrial organizations were called together then to discuss preventatives under the sponsorship of the industrial department of the Dayton Y. M. C. A. While they were discussing, unemployment began to happen in large proportions and the talk turned from theories to meeting specific conditions.

From what they found out about the almost complete lack of information on unemployment, its causes and remedies, came a committee of business men appointed by the Dayton Bureau of Community Service to study these conditions, do something about them, and develop a continuing program which will regularize employment in the future.

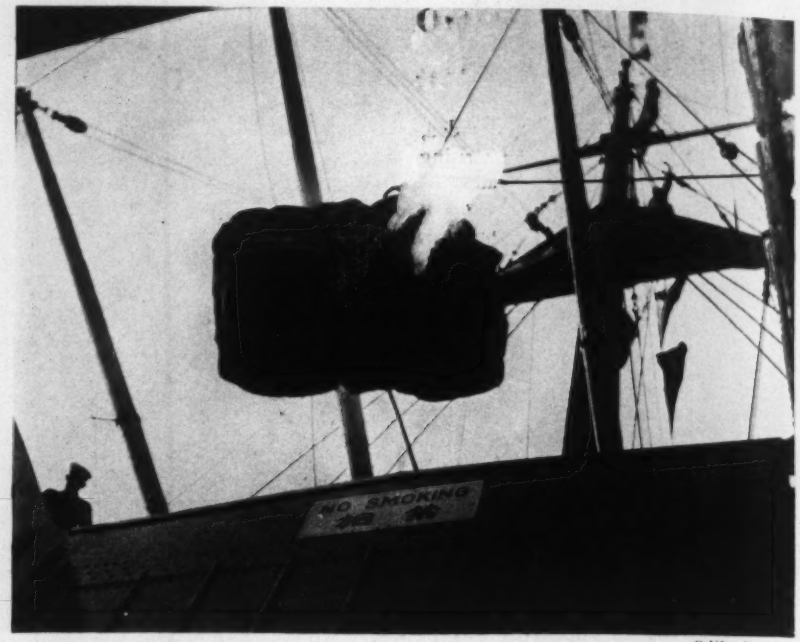
One of the first things that has been done is to establish contacts with other cities making similar studies. Buffalo, New York, Rochester, Cincinnati, Philadelphia are now exchanging information with Dayton, others are going to soon. Research work will be carried on through existing agencies; specialized studies will, if necessary, be financed by the community.

Labor ► **New York Launches Unemployment Plan**

UNDER the leadership of Governor Franklin D. Roosevelt, New York State has entered upon an organized campaign to relieve unemployment. The governor urges early action because depletion of savings and other reserves during the present crisis may, otherwise, cause a still more depressing slump next winter.

To relieve current unemployment, mayors, boards of supervisors, and other public officials in the state are urged to: (1) collect local figures on unemployment; (2) organize public and private philanthropic agencies for local unemployment relief; (3) stimulate small job campaigns; (4) establish local free employment clearing houses, to be linked up with the state public employment service; (5) start public works programs immediately.

To make plans for the future, local chambers of commerce are urged to appoint permanent committees to study local conditions and plan ways of stabilizing business. Industries are asked to help by planning their activities better. Lastly a special committee composed of Henry Bruere, Bowery Savings Bank; Maxwell Wheeler, Larkin Co.; Ernest Draper, Hills Bros.; John Sullivan, New York State Federation of Labor; Frances Perkins, State Industrial Commissioner, has been appointed by the governor to organize and expedite all state activities looking toward greater stabilization of employment.



Californians Inc.

UP THE HATCH

Raw silk is the first cargo to be unloaded when the trans-Pacific liners dock at San Francisco. Fresh silk makes stronger thread, and time is money in shipping this valuable tonnage

Utilities ► **18% More Power On 13% More Fuel**

ELECTRIC power production increased 10.7% last year, according to advance reports of a U. S. Geological survey soon to be issued. Since 1920 the annual increase has amounted to 10%. Although the industry obviously cannot continue to grow at this rate, it is agreed that the saturation point is not in sight.

A remarkable saving in fuel is shown by the fact that, while the increase in electrical output by coal, oil and natural gas increased 18.2% in 1929, total fuel consumption on an equivalent coal basis advanced only 13.2%.

Despite the fuel saving, water power is practically holding its own, although the 1929 figures do not show up well because of the drought. The percentage ratio of water power to fuel power output was 40:60 in 1928 and 36:64 in 1929. It is pointed out, however, that 800,000 horsepower will be added by plants to be completed this year. This capacity enlargement with normal rainfall is taken as showing that hydro is still on the increase in its ratio to the national power totals.

Use of natural gas and fuel oil in the power field increased more than 40% each in 1929. For the gas this represents a sudden jump from a trend that has been generally upward for several years. Oil, however, has simply returned to the 1925 level after a slump from the peak of 16,630,000 barrels set in 1924. The 1929 figure was 10,079,000 barrels. The Pacific states have absorbed the bulk of the increase in both natural gas and oil consumption for electric power production purposes.

Labor ► **Overall Sales Are Going Up Again**

SALES figures on work clothing have frequently been suggested as an unemployment index. Sweet, Orr, & Company, Inc., the country's largest makers of overalls and work clothing, reports that January sales were 2% under those of January, 1929. February business was 15% under January and 10% less than February, 1929. March sales have been 70% higher than those of February and 20% higher than the total for last March. Stanley Adams Sweet, president of the company, said that the upturn became definitely noticeable about March 1.

Financial Outlook Promising At Start of Second Quarter

THE first quarter of 1930, just ended, was characterized financially by [illegible] stock market, easing money [illegible] liquidation of credit, a hesitantly [illegible] bond market, heavy dividend payments, recovery and general improvement in life insurance sales and in savings bank and building and loan deposits.

The immediate outlook at the opening of the new quarter is for continued firmness in the stock market, steadier and perhaps slightly firmer money rates, some credit expansion, more large dividend payments, improving life insurance sales, better bank and building and loan deposits. Of the bond market outlook there is a little doubt.

Stock Prices Rise

The steady rise in stock prices has been interrupted only slightly. The net increase for 3 months measured by Dow-Jones averages was: 41.90 points for 30 industrial stocks, 13.26 points for 20 rails and 19.03 points for 20 utilities. Easy money and optimism over long-term have stimulated buying. Business troubles have been ignored. Now business looks better, with money remaining easy. Earnings are off for the first quarter. Stocks should remain firm, probably rise, but it does not now seem likely that the rate of increase of the past 3 months will be continued.

The bond market was strong at the first of the quarter, weakened, strengthened and again lost ground. Easier money is pushing bonds up. But investors and banks are hesitant, having had their fingers burned in recent years. Foreigners and domestic concerns are eager to sell new issues and there is some danger that there may be too many of them. But the market is in better shape now than it has been in many months, and may continue fairly strong.

Security Offerings Below 1929

Security offerings during the first quarter fell below the comparable period of 1929; new bond offerings were up 33%, but new stocks went down 75%. New issues totaled $1,917,353,000 against $2,174,225,000 in the first quarter of last year, according to *New York Times* compilations. Bonds accounted for $1,722,016,000 and stocks for $195,337,000. New security offerings are almost certain to remain well below last year's showing. Bonds are certain to outtotal stocks for some time to come.

Trading on all exchanges excepting Chicago was much lighter in volume than the first quarter of 1929. In Chicago, totals were about the same. Sales became heavier as the quarter went on, however, and were largest toward the end.

Short-term money has eased throughout the quarter. Some easing now appears in long-term funds. Call money was from 5% to 6% at the first of the quarter. It was about 3% to 4% at the close. Time money has declined to 3½@4 from 4¾@5. Commercial paper is 3¾% for shorter maturities against 5% at the first of the quarter. Bankers' acceptances are 3@2⅞ compared with the earlier 4@3⅞. Banks are charging customers from ¼% to 1% less than at the beginning of the year.

Liquidation of bank credit has continued through the quarter. Volume of Reserve credit has declined by $400,000,000. Member bank credit has declined, due to decreases in commercial loans. There was little net change in investments or security loans. Brokers' loans have increased about $500,000,000, or 15%. Bank loans to brokers are unusually high, as "others" are using their own funds.

The spring pick-up in business will require an immediate expansion of credit. Commercial loans usually begin to increase long before this time. Firming interest rates probably will accompany this increase in demand. But the easier money policy of the Reserve system and comparatively slower business will prevent any stringency. On the contrary, the easing is very likely to spread out into long-term money, which, as yet, is only slightly more plentiful, with rates but little changed.

Dividend Payments Still High

Dividend payments in the first quarter were well above those of the same period of last year—$1,170,082,000 compared with $997,619,000. Payments in March were slightly smaller than in February, but were 17% above March, 1929. The year's big dividend payment day to date came on April 1, when $750,000,000 was estimated to have been paid. Due to the fact that there is a vastly larger amount of stock now outstanding than a year ago, dividend payments are almost certain to remain above the 1929 level, although they may show some decrease due to poor business in the first quarter.

Insurance sales, savings bank and building and loan company deposits increased during the first quarter. Figures are not yet available.

Pacific & Atlantic

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Kansas Says Sauce for Farmer Is Sauce for Storekeeper

THE cooperative establishment of prices for selling and for advertising by a local grocers' cooperative does not violate the Kansas Anti-Trust Law. The state attorney-general has so ruled in a decision that is of especial significance at this time because of the enormous growth of voluntary retail cooperatives, and of other retail cooperative groups formed by wholesalers. Hitherto, their exact legal status has not been determined, and still remains vague elsewhere than in Kansas. Two decades ago, they might have been adjudged in restraint of trade, but, in recent years, the number of farm cooperatives has grown, and the Farm Board has actively extended governmental encouragement. This fact will doubtless help determine the status of other cooperatives.

Since a favorable wind began to blow in the direction of the cooperatives, the Wisconsin concrete products manufacturers have organized a selling cooperative under the Wisconsin Agricultural Cooperatives Enabling Act. Retail buying and selling have sprung up to such an extent that the threatened exit of the wholesaler has been delayed. He now acts as the focal point for the cooperatives. In some trades, notably druggist sundries, the cooperative movement has actually turned the current of development back in favor of the wholesaler.

Legal Status Uncertain

It is quite likely that the growth of retail cooperative groups, with wholesale buying houses affiliated, would proceed at a still more rapid rate were it not for the uncertainty over their legal standing. Since the Hoover administration appears to be bound to a policy of favoring agricultural cooperatives, the present seems to some observers a good time to bring the question to an issue. It is difficult to see how the government could describe as illegal the formation of cooperatives without declaring that the Farm Board was violating the law by encouraging the agricultural organizations. The two lines of cooperative development appear to be as close together as Siamese twins. To kill one would necessarily kill the other, for, if cooperatives are legal for farmers, they must likewise be legal for other groups.

The queer thing about the whole situation is that while every inducement has been given to the farmers to cooperate for their common advantage, they still hang back and insist upon retaining their individual freedom. At the same time, the merchants, prevented from employing group action by all sorts of legal restrictions, are eagerly seizing upon the plan of cooperatives and using it to get around the governmental regulations against restraint of trade.

Distribution ► **Chain Advertising Heaviest in South**

CHAINS are advertising the most where the fighting is hardest. Forty newspapers in 20 cities, checked by the University of Chicago, sold 3% of their advertising space to the chains; but Southern newspapers in the list collected from the chains for 6% of their space. War profits are always the fattest.

This finding comes from the fourth of a series of studies which the university has published on the chain store in the distribution of meat and meat products. Others were: that the chains made a gross profit on all meat items advertised, except lard, which was either lower than the general wholesale level or of a lower grade than is usually advertised; that chain advertising is mostly of the "price" type; that the chains, especially the smaller ones, advertise packers' brands; that only one chain talked extensively about its private brands; that the week's 3 biggest days for chain advertising are, in that order, Friday, Tuesday, Monday.

Tobacco ► **Women Smoked 12% More Cigarets**

THERE is a lull in the candy-cigaret battle, without a doubt, but the smoke hasn't cleared away. Nor is it likely to. The 1929 tobacco figures, released recently by the American Tobacco Co., make us out to be a pretty smoky nation, with women contributing not a little to the general smudge.

Estimates say that cigaret shipments wholly for women smokers in the United States last year filled 1,445 railroad freight cars, totaled 26,418 short tons, aggregated 49 billion cigarets—an increase of 12% over feminine consumption in 1928.

Production is expected to increase 10% in 1930, to reach 202 billion by 1939. Per capita expenditure for cigarets is now running at 4 cents a day; annual family average, about $70.

Keystone

LOOK FOR LONGER PIERS?

Secretary of War Hurley (right) looks over the Hudson River front with S. Wallace Dempsey (center), Commissioner of Rivers and Harbors, and Billings Wilson (left), member of the Port of New York Authority. New York wants 1,000-foot piers to accommodate the new liners: War Department has the say

Keystone

FOR DISTRESSED MOTORISTS

No, it's not a lighthouse, but a gasoline station for distressed motorists on the New Bedford road, Massachusetts—an exact reproduction of the lighthouse near New Bedford Harbor.

Radio ► **Advertisers Will Audit Broadcasting**

Is radio advertising, constantly increasing in volume, being used effectively? The Association of National Advertisers hopes to learn by interviewing approximately 17,000 radio set-owners. Radio users are already fairly well agreed that certain hours are best for lectures, others for classical music, others for jazz, and they all tend to put on almost identical programs at these different hours. But the advertisers want to know if this agreement is based on a guess, or if there is really some ground for it and if, in any event, a little diversity would pay.

Formerly, the effectiveness of advertising was based, by the radio companies, on the number of sets in a given area. It is customary—and always has been—for the radio companies to assume that every person who owns a set is listening to a given program. The advertisers want to study the listening habits of set owners, and determine where the "blah" ends and the effective work begins. They want to know how many words people will tolerate between musical numbers? When people are listening to good music, will they tolerate more words than if they are listening to jazz? Does a good program without talk sufficiently advertise a company, or does talk add to the advertising appeal?

Home Modernization Is Merchandising Problem

"THERE is no construction industry. We're just a bunch of loose ends." So exclaimed O. W. Rosenthal, president, Associated Building Contractors of Illinois, in a heated argument in the closing hour of the National Building Survey Conference, Chicago, March 27. Approximately 75 of 2,500,000 men in the construction industry were present.

An industry steeped in traditions of independence, unaccustomed to united action, does not change overnight into a disciplined army of cooperators. What appears to be united effort to push repair and home modernization work indicates rather that during the past unusually dull season there was little else to do.

Much is said about need for easy money in building. Certainly that will help. But the real problem is not finance, but merchandising. Construction is an industry whose retail dealers—the small contractors that actually sell to the public—have but little sales sense. They know how to mix cement, but seldom how to merchandise. Small jobs are not sold systematically; are, rather, regarded as a nuisance.

The potential market for home modernizing is great. It runs far into the billions. As yet no organization seeks to cultivate this market nationally. *The Business Week* has heard reports that at least four concerns, big enough to be listed on the New York Stock Exchange, are considering it. In each case confirmation was sought from headquarters. One company stated that consideration had been given the project but that pressure of other activities prevented action at this time. A second denied having thought about it. The other two are believed to be interested, but will not talk on the subject.

One Good Example Needed

If one such large organization were to start merchandising modernization on a national scale, stimulation to business would be widespread. The effect would be like that which follows the coming of the first chain store to a country town. Local business men snap out of their apathy in a hurry and get busy. The total volume of modernization work that a big corporation might do, even if tremendously successful, would be far less than the sum of business done by local contractors stirred to action by its competition. Little fellows will imitate high-grade merchandising methods quickly enough once such are demonstrated at their own expense.

Inadequately financed, and with only

A SHOW CASE OF HOMES

These miniature homes are complete in every detail, with electric lights shining through their tiny windows. The Hartman Company uses them to help prospective customers to decide what they want

half-hearted support, the Home Modernizing Bureau of the National Building Industries, an organization backed by 47 building industry trade associations and manufacturers, nevertheless has succeeded in initiating and stimulating modernizing in many cities. Local modernizing bureaus are established. Sometimes they end in rows between members as to who will sell materials for projects promoted. But they stimulate thinking on modernizing just the same.

The bureau runs a regular newspaper syndicate. It has induced newspapers in many cities to start regular building sections, or issue special home modernizing editions. Like most such publicity projects, these sections are often shortlived. A newspaper splurges for a while, hoping to attract advertising from non-advertising construction firms. If the hoped-for advertising is slow to develop, or falls off after a while, the special section peters out.

Newspapers Give Publicity

It was stated at the conference in Chicago that the New York *Herald-Tribune* which, by instituting such a section and giving many pages of free publicity, had risen to first place in New York City in volume of construction advertising, carried last year a total of 280,000 agate lines. This is about the volume a single second-rate department store would run.

The thousands of small contractors who are retail outlets of construction are for the most part men of the type that learn by personal contact and conversation more readily than by reading and study.

Recognizing this fact, Portland Cement Association has six men traveling constantly, talking to local groups of small contractors, pointing out what large totals of business result from regularly and persistently pushing what seem to be small sales. About 30 or 40 men attend each of these meetings, as a rule. Usually five or ten linger afterwards to ask questions and get more facts. Many put into action what they learn. Although the work was only started late last fall, satisfactory results are already evident.

Systematic Merchandising

"It is surprising how many of these men have salesmen out looking for garages to be built, driveways to be cemented, and other such work," comments an official of the association.

Systematic merchandising of home modernization benefits directly many lines other than building proper. In particular, it stimulates sales of electric household utilities. Iceless refrigerators, modern home laundries, and water heaters are important features of modernization projects.

Paint and plumbing benefit. (It was Governor Kohler of Wisconsin, plumbing manufacturer, who started the Home Modernization Bureau.) Oil burners, automatic stokers, garbage incinerators, and even radios are lumped in modernization sales. Bookcases, china cabinets, and kitchen equipment are built into houses. Furniture sales follow. A modernized home shows how out of date the family's furniture is.

Modernization Is Cumulative

Not to mention its effect on neighbors, modernization tends to stimulate more modernization. A sun porch is added. Because it must be painted, the whole house is painted. Because it must be wired, other needed extensions of house wiring are made. Better lighting emphasizes need for painting and papering. Before he realizes it, the owner has the old place all fixed up.

Building and loan associations cooperate enthusiastically. They are glad to supply on long term instalment credit, without down payment, $2,000 or $3,000 to bring up to date a house 70% or 80% paid for. Old loans, half-frozen, are thus revitalized. Modernization increases pride of home owners, makes properties more saleable.

Construction ►

Builders Dispute Mail Order Prices

LUMBER dealers, contractors and building and loan association executives of Collinsville, Ill. refuse to be frightened by the recently announced small home building plans of Sears, Roebuck & Co. (*The Business Week*, Jan. 29, 1930). They joined forces and are placing full-page advertisements in local papers stating that local agencies can build homes to Sears-Roebuck plans for 12% to 20% less than asked by the mail order house.

The local business men obtained detailed estimates on three Sears-Roebuck houses; then sat down to figure out what they would cost built and financed locally. They offer to save $857 on a $6,128 house; $1,099 on a $5,795 design; $754 on a $4,259 house; other savings in proportion. They maintain that financing charges of Sears-Roebuck are higher than necessary and stress in their advertising the advantages of employing home labor and materials and of dealing with local business men.

Pacific & Atlantic

EXCUSE IT PLEASE!

Riveted or welded, construction annoys the neighbors. This Philadelphia office building makes its apologies in advance

Distribution ►

Profit by Census Before It Starts

THE new distribution census, even before it is taken, is casting light into the distribution darkness.

In a conference with leading chain store executives recently, census officials explained just what facts were needed from them. No two chains, of course, keep their records in the same way, which means that none of their records fit in easily with census requirements. Consequently, an arbitrary provision has been made to parallel chain store data with that furnished by independents, necessitating extra work for chain store central offices.

It seems, however, that there is compensation. A recent telephone message from one of these organizations told census headquarters that, although the information called for much special effort, leading chain executives were finding it so interesting and useful that they were going through it eagerly for the purpose of their own operations.

Pipelines for Gasoline Run Westward from Coast

THE historic movement of petroleum by pipeline from the interior to the Atlantic Coast has all but ceased, and now refined gasoline begins to flow westward in pipes.

Cheap movement of oil by tanker from the Gulf ports on the one hand, and the increasing consumption of the interior on the other, have recently been making Ohio and western Pennsylvania the limits for most eastbound shipment of oil by pipeline.

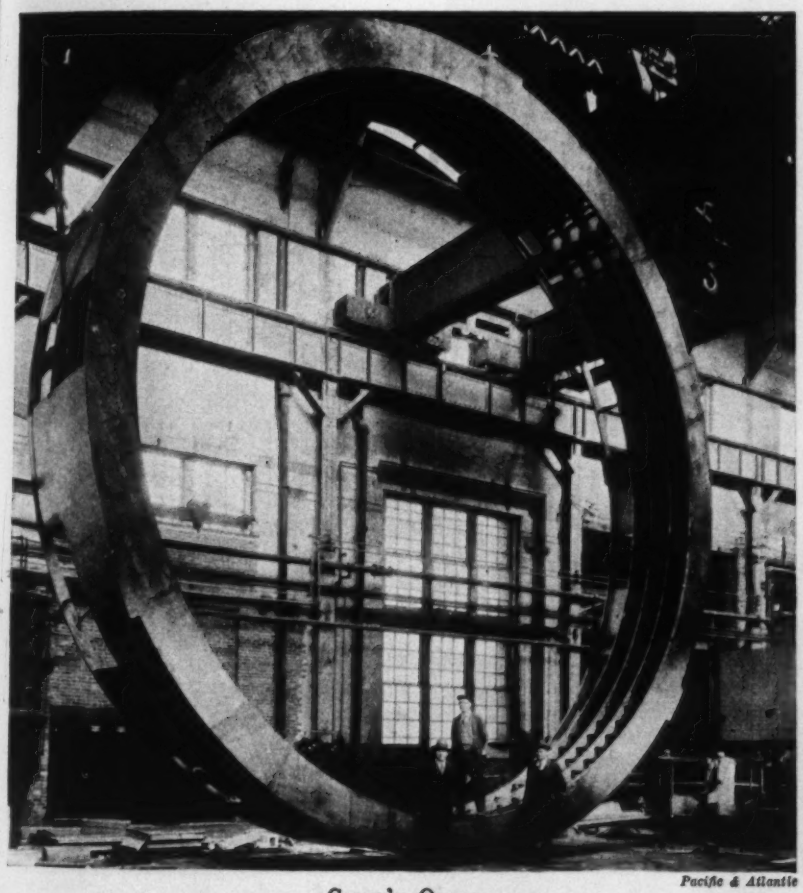
Natural gasoline has been handled by pipeline in the West for some time. But the eastern gasoline pipelines will be far more significant in the complicated and disturbed economics of the oil business.

The Standard Oil Co. of New Jersey recently cleaned up idle tubes of the Tuscarora Pipe Line Co. nearly 600 miles long and commenced pumping gasoline from the Bayonne refinery to interior markets of New Jersey and Pennsylvania. This line terminates north of Pittsburgh, and the understanding in western Pennsylvania is that gasoline will be barged from Midland, Pa., into Pittsburgh and ultimately to Cincinnati, in Standard of Ohio territory.

The Sun Oil Co. this month will start laying a 6-inch welded pipeline from its Marcus Hook (Pa.) refinery to Cleveland, where it recently bought a chain of retail stations. The line is expected to reach Pittsburgh in the fall and Youngstown and Cleveland later, with the possibility it will be carried finally to Toledo, where Sun has a refinery. Capacity of the line will be 15,000 barrels daily, its cost $5,000,000 approximately, its pressure 750 pounds at the pumping station.

Some of the accepted trends in the oil business are being reversed by the Allegheny-Arrow Oil Co. which completes a $750,000 refinery near Canton, O., in a few days. Where refineries have been increasing in capacity—they now average more than 9,000 barrels—Allegheny-Arrow's is 1,000 barrels. Where refining companies ordinarily expand into distribution, Allegheny-Arrow was a distributing consolidation which built a refinery.

The company will get its oil from the nearby Illinois pipeline and by the Dubbs cracking process make an anti-knock fuel for its own stations in the territory round about. Motor trucks and trailers with a delivery radius of 60 miles will carry the gasoline direct to the retail filling station, cutting out bulk stations with rail connection.



Pacific & Atlantic

GIANT'S QUOIT

This 43-foot ring of steel is the frame for the stationary element of the 57,000-horsepower hydro-electric generator under construction at General Electric for the New York Light & Power Co.

Rubber ► **Next on the Eaton Merger Calendar?**

THE rumored merger of United States Rubber Co. and Seiberling Rubber Co. with Goodyear Tire & Rubber Co. was not acted upon at the Goodyear stockholders meeting Monday.

But action taken included authorization of a common stock increase from 1,450,000 to 5,000,000 shares and election of 8 new directors, 3 of them closely affiliated with Cyrus S. Eaton, Cleveland financier and sponsor of mergers, indicated that action may only have been deferred until Mr. Eaton gets a free day from his current activities at Youngstown.

Early this year it was reported that Eaton interests had obtained control of Goodyear from Dillon Read, who have had nominal control since 1921. Frank A. Seiberling, founder and former president of Goodyear, now head of Seiberling Rubber, is also a large stockholder in Goodyear and is friendly with Eaton interests. That a merger of these two companies is definitely scheduled to take place seems sure. The only fly in the ointment may be Paul W. Litchfield, president of Goodyear, whose policies were approved by the stockholders and who was placed also in the renewed position of chairman of the board. Mr. Litchfield and Mr. Seiberling are not friendly, according to report. In 1920, when Seiberling was ousted from control of Goodyear, Litchfield was one of the few executives who remained with the company. He was then general manager.

There is still more doubt about the merger of U. S. Rubber. Control of this company was acquired by the duPonts in 1928. It is uncertain that they will wish to give up so quickly a venture which could be made rather profitable.

Railroads ► **Courts May Get New O'Fallon Case**

THE Supreme Court may get a new O'Fallon Case as a result of the Interstate Commerce Commission's order directing the Brimstone Railroad & Canal Co. (sulphur carrier, 9 miles, Louisiana) to pay the government alleged excess earnings for 1920-1925.

Taking its cue from the findings in the O'Fallon and Baltimore rate cases, the I. C. C. in its Brimstone order, has given weight to present-day reproduction cost. Just how much weight, it did not disclose and Brimstone, protesting, wants to know.

Although the Supreme Court has never said in so many words that present-day reproduction costs must be used, the inference has been that this element must be given major weight in determinations of earnings or depreciation. It may get a new chance to take up the whole question. Action of the Court, if resorted to in the Brimstone case, depends largely on its view of the I. C. C.'s latest attempt to compute valuation.

Meanwhile, the radical element in Congress wants to amend the Transportation Act of 1920 to uphold the earlier method of valuation based on pre-war prices. Senator Robert B. Howell, Republican of Nebraska, has a resolution to this effect, approved in general terms by Commissioner Eastman.

The intent of the Howell resolution follows the legislative trend toward restriction of utility earnings. Bills now before the New York State Legislature are outstanding examples. They appear, in large part, to be directed toward reversing or avoiding the effects of the highest judicial decisions.

Steel ► **Leader of Industry Well Satisfied**

A LEADING figure in the steel industry, known to everyone, but not directly quotable, tells *The Business Week* he is quite satisfied, even bullish about the steel situation, which has been a bit foggy and uncertain of late.

Steel, he says, is in an exceptionally lucky position. Activity is holding to a good average level by comparison with all but last year at this time. New business is coming along in good volume from many well-diversified sources, in spite of relative slackness in automobile demand.

There is little or no unemployment in steel. Prices are not going to suffer much, as the spring season advances. The outlook for heavy building steel demand is especially favorable. In this respect he feels that the President's mobilization efforts have been measurably helpful, and that things might have been much worse without them.

Mergers, he admits, are in the air all over the steel field, and are welcomed.

As for the stock market, that, he thinks, is merely an easy money flurry meaning little more than that people have not yet learned their lesson and will have to have another.

Automotive ► **Ford Sales Head Out on Policy**

FRED R. ROCKELMAN, for 5 years general sales manager of Ford Motor Co., has resigned. The company made no statement except to confirm the resignation; Mr. Rockelman declared it was caused by disagreement over sales policies.

Mr. Rockelman succeeded William A. Ryan as chief sales executive in 1925. He saw the old Model T into its grave and the development of the Model A to sales approximating 2,000,000 last year. It is said that he has been opposed to Ford dealer policies.

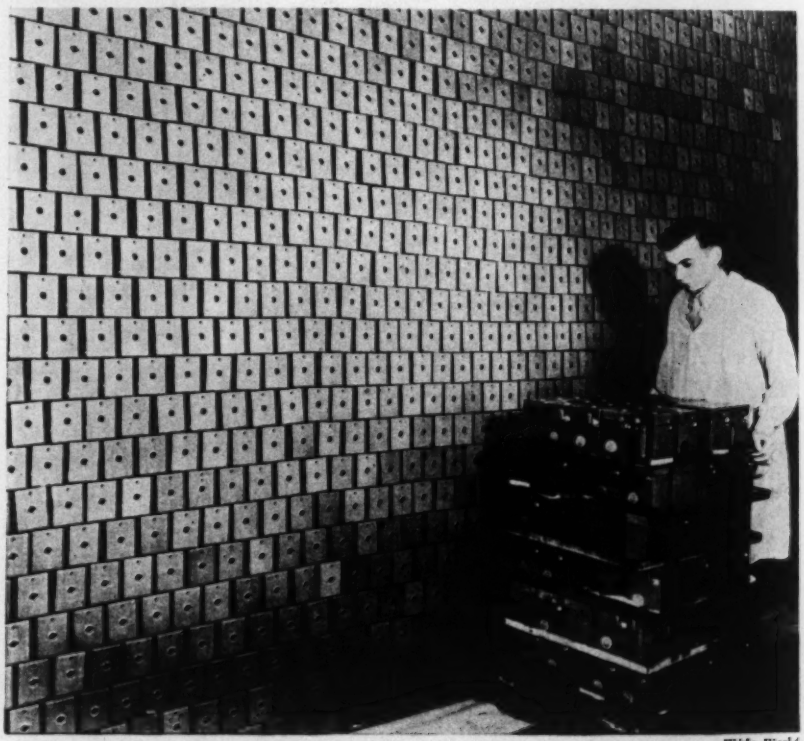
Automotive ► **Five Companies In Merger Talk**

RUMORS pervading the automotive industry that A. M. Andrews of New Era Motors, Inc., is fostering a plan to merge a number of small, independent car manufacturers is confirmed to some extent by the announcement that Gardner and Moon, two companies mentioned in this connection, have consolidated their engineering and sales forces.

New Era Motors, Inc. was formed to exploit Ruxton patents for a front-drive car. Early last year, Gardner was reported to have obtained a contract from New Era to manufacture Ruxton cars in its plant. Late in 1929, Moon purchased the Ruxton patents from New Era under terms which gave the latter substantial interest in Moon Motors.

Jordan, Kissel, and Stutz have also been included in merger rumors. Belief is that New Era will act as a holding company but that each member concern will retain its identity.

Such a consolidation would be looked upon favorably by the industry. All companies concerned are old, established industries which have not been particularly successful against modern competition. To combine them should materially assist in the stabilization of the industry.



Wide World

500,000 "BIRDIES"

Some of the half million cameras which George Eastman will give away in commemoration of the 50th anniversary of his first photographic patent. Children whose 12th birthday falls in this year will get them

What the Figures Show

THE latest current indicators, covering the third and fourth weeks of March, show very little general improvement. A rise in steel activity does little more than strengthen the impression that it is able to hold to a fair average. Building continues a strong seasonal recovery; commodity prices are somewhat firmer; but all general trade indicators are discouragingly slack.

The unseasonal decline in steel operations since the middle of February has apparently been checked. The upturn last week was definite. The average rose from 73% to 76% on Dow, Jones' estimates and from 76% to 78% according to *Iron Age* figures. These compare with an average of 95% last year at this time, and 85% in 1928. The Steel Corporation stepped up from 80% to 82% and independents from 66% to 69%. Bethlehem expects to maintain 85% of capacity operation during April.

These increases reflect some improvement in current demand from various sources, but still on a hand-to-mouth basis. Line pipe for oil and gas and increased specifications from miscellaneous sources are the chief factors in expanding demand. Automotive demand shows little definite improvement. Railroad business will run along fairly steadily for another ninety days. Seasonal rail business is expected to decline thereafter, and the outlook for further rolling stock purchases is uncertain, according to *Iron Age*. Structural steel inquiries are large but actual awards for the week were relatively low, only 22,000 tons. Sheet demand from outside automobile sources continues good.

On the whole steel sentiment is quite bullish. No sharp increase in steel activity is anticipated, but the outlook is for maintenance of fairly steady activity during the next quarter on a level comparable with the average before 1929. There is considerable anxiety about continued weakness in finished steel prices, but steadiness in scrap markets during the week was encouraging.

The March pig iron production rate increased 3% over February, highest since last November but nearly 13% below last March. There was a net gain of four blast furnaces for the month.

Building improvement continues. The usual comparisons of general building contract awards for the latest week are not available for comment in this issue, but it is practically certain that the recent increase has continued to the end of March. The daily average of heavy construction contracts on a four weeks basis has been rising sharply and is now above 1929. The latest week's figures are down somewhat, but the deficit for the year to date, below last year, is still decreasing.

Metropolitan New York district general building contracts for March were 18% over February and only 11% under last March. Contemplated work was 24% above February. Straus building permit figures in 125 cities for March were up 55% over February, as against a normal seasonal increase of 37%.

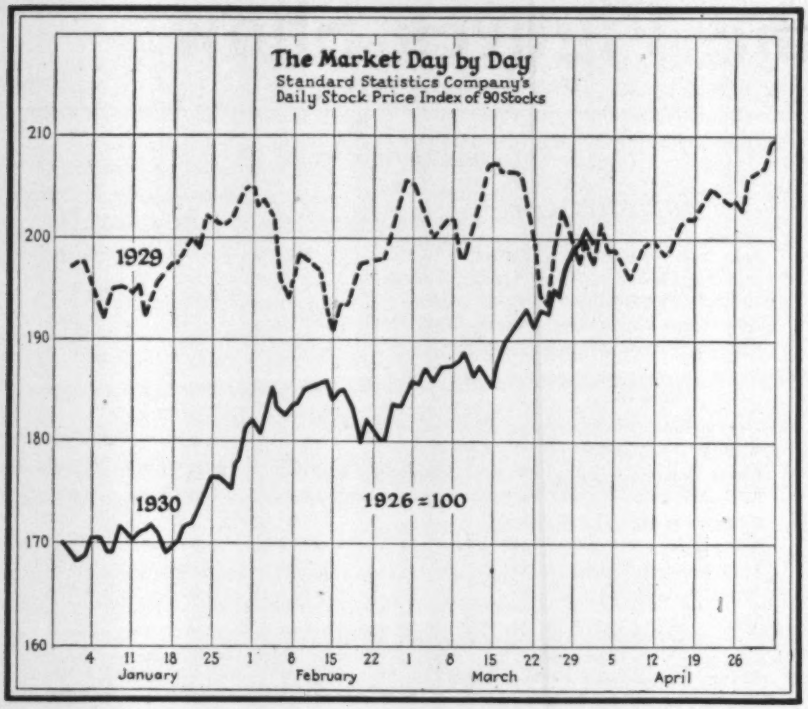
Coal production continued its seasonal decline at levels below both 1928 and 1929. The petroleum average rate is now lowest since November, 1928 and below the daily average of February.

Commodity prices were somewhat stronger for the week in agricultural groups. Wheat averaged around $1.00 under the influence of unfavorable weather reports and a decline in visible supply of 2¼ million bushels during the week. Expectations of improved foreign demand aroused by last week's export figures were not sustained. The total wheat outgo for the week ended March 29 was 357,000 bushels as against 932,000 last year. The cotton average

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	76	73	95
Building Contracts (F. W. Dodge, daily average in thousands, four weeks basis)		$18,672	$18,671
Bituminous Coal (daily average, 1,000 tons)	*1,307	‡1,346	1,420
Petroleum (daily average, 1,000 bbls.)	2,514	2,536	2,627
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	146	147	160
Check Payments (outside N. Y. City, millions)	$5,334	$5,875	$6,097
Wheat Receipts (1,000 bushels)	3,186	4,074	6,062
Cotton Receipts (1,000 bales)	113	127	188
Cattle Receipts (1,000 head)	*146	142	169
Hog Receipts (1,000 head)	*477	‡437	550
Wool Receipts (1,000 lbs.)	2,738	3,001	4,875
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.00	$ .98	$ 1.12
Cotton (middling, New York, lb.)	$ .159	$ .156	$ .208
Iron and Steel (composite, ton)	$34.57	$34.85	$36.57
Copper (electrolytic, lb.)	$ .178	$ .178	$ .211
All Commodities (Fisher's Index, 1926-100)	90.4	90.7	98.3
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,885	$16,847	$16,557
Commercial Loans, Federal Reserve member banks (millions)	$ 8,702	$ 8,793	$ 8,965
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,968	$ 3,820	$ 5,562
Federal Reserve System Ratio	79.8	81.8	71.5
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	26,245	23,424	24,822
Stock Prices (N. Y. Times, average 50 stocks)	$234.08	$229.68	$237.87
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$77,851	$111,721	$48,413
Bond Prices (Dow, Jones, average 40 bonds)	$ 95.71	$ 95.84	$ 94.23
Interest Rates—Call Loans (daily average)	3.8%	3.0%	12.8%
Interest Rates—Time Loans (daily average)	4%	3¾-4%	8%
Business Failures (Dun, number)	533	558	512

* Preliminary
‡ Revised



rose close to the Farm Board's fixed loan price under pressure of buying of near months by short interests. Export demand continues weak and so far this season has run about a million bales behind last year. Domestic consumption also is slack, but declining stocks abroad and estimates of decreased acreage ranging from 4% to 8% have helped sustain the market.

The iron and steel composite continued to decline and is at the lowest point since March, 1922. Copper now enters its 48th week on the 18 cent level, but demand is better.

The Fisher all-commodity index declined further, but the National Fertilizer Association index for the week ended March 29 showed an advance for the third consecutive week. These irregularities, and the shift in the comparative number of increases and decreases, strengthen the view that the general price decline has been checked.

Money and the Market

STOCK prices reached a high level and stayed there this week. Fluctuations occurred, but the net change was very small. Bonds were lower considerably than in weeks immediately preceding. Money rates were steady.

The market shows signs of readjustment. Prices have moved upward sharply for several weeks, while business has remained dull and unchanged. Money eased during the period. That, with optimism as to the future, gave grounds for the advance. Now all important sections of the market are at record highs. Sales volume has been above 5 million shares almost daily. First quarter reports are generally unfavorable, as expected. Very recently, stocks have passed into weaker hands. Several leading brokerage houses this week advised their customers to take profits.

The increase of $488,713,987 in brokers' loans during March was larger than expected. It amounted to a gain of 11%. For the same month, the various averages show that stock prices went ahead by only 3% to 4.6%. Loans reported weekly by the Federal Reserve showed approximately the same increase. For the present week, the growth was $148,000,000. These figures show beyond doubt a considerably greater marginal interest in the market.

New York banks now account for a larger amount of the brokers' loans than at any time since the totals have been made public. Of total loans of $3,968,000,000, as shown by the Federal Reserve, the New York City banks accounted for $1,547, 000, 000, or 39%. The low call rates have made the call loan market unattractive to out-of-town banks and corporations. The corporations also need their funds for their own use. New York banks have fairly heavy surpluses of funds, and are lending freely.

Bond prices were weak and irregular, following the long advance lasting throughout most of March. The large supply of new bonds and tightening money rates are having an effect. As in the stock market, internal conditions probably call for readjustment. Foreign exchanges were irregular in the week, somewhat as result of conditions here.

Money rates for short-term funds were unchanged this week, except for a slight tightening in acceptance rates. Rates abroad were easier, and several banks cut their discount rates, among them those of Switzerland, India, Sweden, and Hungary. Huge end-of-month and end-of-quarter dividend, interest and other payments were made without the flurry in money rates that invariably occurred under similar circumstances last year.

Commercial Loans a Puzzle

Commercial loans declined again this week, by $91,000,000. Member bank credit went up, but this was due to the continued increase in security loans. The commercial loan account is puzzling. No seasonal upturn has taken place in it as yet. The figures indicate that either business is slow—much slower than other indicia show—or that a huge liquidation of these loans is in progress. Such liquidation might be taking place, now that the market is up, in security loans that were frozen by the stock drop. A development of this kind in the commercial loan account indicates that paper must have been loosely classified. Otherwise, security paper could hardly be in commercial loan accounts. Strong conservatism on the part of bankers is also indicated.

Gold movements were again insignificant. Latin America sent in $246,000. England took $195,000. The English shipment was said to be a purely private transaction.

Federal Reserve credit increased in the week. Borrowings by member banks were up $35,000,000. This probably was due to heavy end-of-month and quarter transactions. Acceptances holdings were up $45,000,000, and security holdings were unchanged.

What Stocks Are Doing

The Business Week's monthly test of movements of active stocks show that of about 700 issues traded in on the New York Exchange January 2, 1930, 86.3% were higher on April 1, 1930, 12.4% lower, 1.3% unchanged. As compared with March 1, 1930 74.6% were higher, 21.5% lower, 3.9% unchanged.

Employment Looks Up a Little

THE general impression is that employment tended to pick up slightly in March. General figures will not be out till around the middle of April—New York State figures somewhat earlier. Here are a few current indications:

American Federation of Labor unions in twenty-four cities report a slight decrease in the proportion of their membership unemployed for the first two weeks in March—21% as compared with 22% in February. Although these figures are taken to indicate that the tide of unemployment has been checked for the country as a whole, improvement was not yet general. Only ten of the reporting cities showed a decrease in the unemployment percentage. In ten others it was still increasing and in four unchanged. In eleven cities 20% or more of union membership were unemployed.

A slight improvement was noted in building, where 42% of members were unemployed in March as compared with 43% in February. In printing and metal trades the unemployment percentage was higher than in February and reached the highest figure for any month since 1927—19% for the metal trades and 16% for printing. In the service industries, railroads and street railways, and in food, clothing and other manufactures, no appreciable change was noted, but unemployment in the amusement trades rose from 28% in February to 31% in March.

During the week ending March 26 employment in 51 plants in Toledo, mostly automobile, totalled 26,936 as compared with 26,285 the week before and 46,847 a year ago.

Good Old 1929

THE most comprehensive comparison of corporate earnings for 1929, that of the Standard Statistics Company, covering 1,297 industrials, utilities and railroads, shows an increase of 18.4% over 1928. Net income of industrials alone increased 19.4%, of utilities 17.5%, of railroads 16.1%.

The advance last year was not as rapid proportionately as the increase of 29% recorded for 1928 over the preceding year. Decreases were shown in the following groups: woolen and woolen goods, leather and shoes, automobiles and trucks, meat packing, silk and silk goods, rayon, sugar producing and refining, radio, phonograph, and musical instruments. In twenty-nine of the thirty-seven industrial groups increases were shown, the highest, over 50%, in steel and iron, automobile tires, railroad equipment, and theatres.

Industrial Oasis

THERE are exceptions to everything, even to a business recession. Some industrial communities apparently did not much feel the effects of the stock market crash. One curious instance is Auburn, fairly representative and well diversified town in New York State, whose Chamber of Commerce, by the way, keeps accurate statistical check on its business conditions. Factory employment in Auburn was about 2% higher in February this year than last; payrolls 5.7% higher; savings bank deposits 2.2% higher; check payments practically the same; carloadings 21% higher; industrial power consumption nearly 1% higher. Only postal receipts showed a falling off compared with a year ago and this is thought to be due to the removal of a large direct mail house. Certain local industries, particularly those allied with automobiles, have been hard hit and merchants complain about collections; but average conditions are apparently about the same as a year ago. The Chamber of Commerce doesn't know why this is so, and doesn't boast about it, but is grateful.

Behind Schedule

THE first 47 railroads to report earnings for February show a total decrease of 28% in net operating income as compared with last year. Net income declined much more than gross, which fell off on the average about 10%.

Declining railroad earnings have apparently had some, though slight, effect upon railroad equipment buying as yet. On March 1 the roads had 31,239 freight cars on order as compared with 37,820 a year ago; but 450 locomotives were on order against 291 last year.

February Trade Records Irregular

FINAL figures on retail and wholesale trade in February, just issued by the Federal Reserve Board, are somewhat worse than the preliminaries. Sales of 654 department stores in 274 cities were 3% under a year ago, and show a 4% decline for the first two months combined. For the month, eight of the twelve Federal Reserve districts report declines of from 1% to 9%; two show increases of 1% to 3%; the New York and Dallas districts show no change. Middle Western districts seemed to be hardest hit, while the Eastern fared best.

Fifty-eight chain store and mail order systems showed an increase of 6.7% on the year—a somewhat smaller percentage increase than was shown in January.

Sears, Roebuck, reporting sales on new 13-month calendar for February 27 to March 26, shows decline of 10.9% under the same period last year, said to be due to the late Easter. Sales since the first of the year are up 1%, less than the increase in number of outlets.

Sales by wholesale firms were generally smaller or unchanged in all lines. Dry goods trade fell off 17% as compared with a year ago, drugs 9% and hardware 7%. Groceries and shoes remained practically the same.

General Motors' sales by dealers to consumers in February were 83,742 cars as compared with 74,167 in January and 110,148 last February. Used cars appeared to be moving more rapidly in March. Chevrolet used car sales for March are estimated at 150,000 against 130,000 in May, 1929, the previous high month.

Analysis of February export trade by classes shows a fairly general falling off in most groups, but less in finished manufactures. Some special lines of manufacture show resistance to the general decline and even an increase. Exports of machinery and vehicles as a whole were $20 millions less than a year ago and $9 millions less than the monthly average during 1929. Exports of electric machinery and apparatus, however, show an increase over February of last year and maintain the average 1929 rate, with only a slight decline from January. Much the same is true of industrial machinery. Mining machinery and power-driven metal-working machinery show increases over February of last year. The chief decrease was in textile machinery.

Ides of March Hit Farm Prices

THE month from February 15 to March 15 was a particularly bad one for farm prices. They dropped 5 points, 14 points under a year ago and to the lowest level since May, 1927. During the month poultry and poultry products declined 39 points, cotton and cotton-seed 8, grains 8, dairy products 3. Meat animals, fruit, and vegetables rose slightly.

Compared with a year ago cotton and cotton-seed prices were down 42 points, poultry and poultry products 29 points, dairy products 18 points, grain 17 and meat animals 9. Fruits and vegetables only were higher than a year ago, the advance amounting to 57 points.

In 35 States 260 Bodies Are Fighting Chain Stores

Eleven radio stations, 16 newspapers join war and the chains begin to feel the effects

MAKING war on chain stores bids fair to become one of our important industries.

There are in 35 states 260 units of organizations fighting the chains. North Carolina leads with 24; New York, most populous and richest, has but one. There are eleven radio stations from which bitter attacks against the chains vibrate through the ether. Sixteen anti-chain newspapers carry on the work.

Much of this opposition is honest and dignified. A great deal of it is blatant and unscrupulous. Beyond that comes a shady classification which chain organizations label with the ugly word, "racketeering."

Tangible results begin to appear. Kentucky passed March 8 an anti-chain law. Georgia has passed one. There have been laws before, always easily beaten. Lawyers for the chains take these two much more seriously.

When Chain Fights Chain

There are indications that the first lush period of chain growth is passing. Some companies are cutting down the number of their stores and creating larger units. Competition between chain and chain grows more serious. One grocery organization is putting in delicatessen counters, also soda fountains and lunch service. Thus it bids for business heretofore held by the drug stores.

Individual merchants—and there are plenty of them—who have withstood chain competition have grown highly efficient. They have passed through the fear period and are beginning to counter attack.

The voluntary chain grows. In these combinations ownership of individual stores is retained but wholesalers and retailers bind themselves into an organization which can do most of the things the chain does. They buy in quantities, standardize methods, exchange ideas, improve their advertising. In a few years 500 of these groups have formed, with outlets estimated as high as 65,000.

It would be absurd to say organized opposition caused all this; it would be equally absurd not to recognize that opposition contributed.

The opposition is picturesque. Chain men themselves admit that—bitterly.

We have gone in this story about as far as one can go without mentioning the name of W. K. Henderson, owner, announcer, and denouncer, of the "Hello World" radio station, KWKH, at Shreveport, La. He is the vivid and piquant evangel of the independent. He sells coffee (admittedly for more than it is worth) and he organizes Minute Men to fight the chains. Henderson has made it pay. It was inevitable that clever promoters, racketeers should ape Henderson's methods.

Here is one broadcaster's method of operation:

He approached a wholesaler, demanded a contribution. Now a quarter of the wholesaler's business comes from chains, the rest from independents. If he made a contribution for the anti-chain fight, the fact would be broadcast and hurt him with chain customers. If he refused to come through, that fact would be broadcast and hurt him with his independent customers. But there is one way out:

"If your contribution is sufficiently large," suggests the broadcaster, "it may not be necessary to mention your name at all!"

State legislatures seeking a device by which they can tax chain stores are watching eagerly the outcome of the Georgia measure. Previous anti-chain laws sought to limit the stores a single company could operate by putting a graduated tax on the number. Such laws were held unconstitutional because they set aside chains as a separate class which were taxed heavier than competing stores in the same business.

The Georgia Tax on Sales

More astute is the Georgia measure. It is a tax on sales. All companies doing a retail business are taxed 2 mills on gross sales over $30,000. Small merchants escape—85% of Georgia stores fall below $30,000 gross. The law applies to all retailers. Large stores in the cities are as vitally concerned as the chains.

Georgia legislators are elated but chain store lawyers refuse to admit defeat. Test has not yet been made.

Attack on the law will take this form, chain lawyers say: A tax on sales, since it involves the conversion of property, is in effect a tax on property. If it is a property tax then there can be no exemptions; the rate must be ad valorem. The $30,000 exemption invalidates the law. Furthermore, the theory of property taxation supported by all court decisions, is that tax burdens must be equal. The flat 2 mills tax on grosses over $30,000 does not work equally.

On $40,000 gross sales, the merchant pays $20. (2 mills on all over $30,000). On $50,000 gross sales, the tax is 2 mills on $20,000, or $40. The merchant whose sales are $50,000 must pay twice as much as the merchant whose sales are $40,000. In other words, though his sales

Business Week—International News

UP AGAINST IT

The independent on the right needs all the ingenuity he can muster to make his sales appeal heard above the shrieking prices and clamoring displays of the chain store next door

Burroughs

Typewriter Billing Machine

THE ONLY MACHINE THAT COMPUTES A BILL BY DIRECT MULTIPLICATION

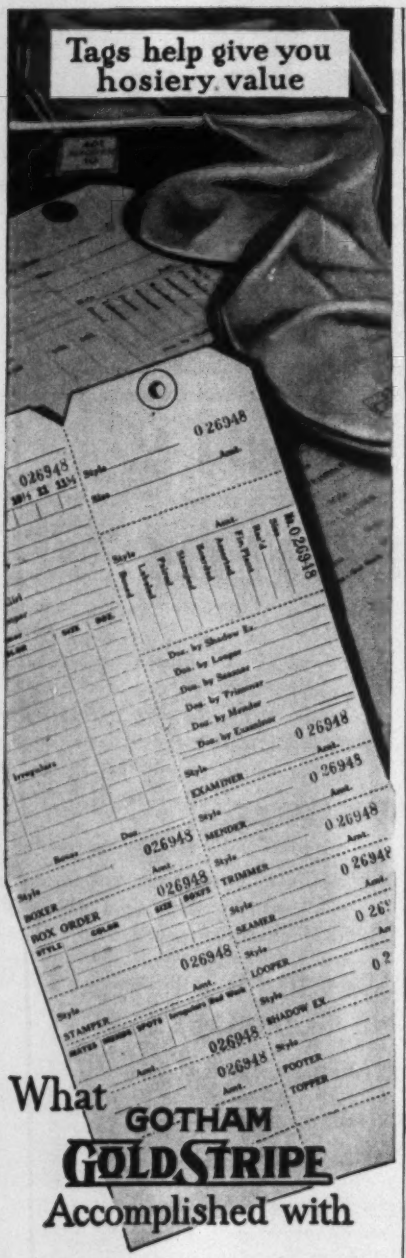
It writes and computes a complete invoice in one operation. With any other method, the bill must first be figured, then copied. With the Burroughs, all extensions (including fractions), discounts, deductions, totals and other calculations are performed as the bill is typed. Results, and any desired accumulations, are printed by one key depression.

Built into this remarkable billing machine are many exclusive features—most of them automatic—that simplify and speed up billing and eliminate many possibilities of error.

Call the local Burroughs office for a demonstration on your own work, or write

BURROUGHS ADDING MACHINE COMPANY
6154 SECOND BOULEVARD, DETROIT, MICHIGAN

BACKED BY WORLDWIDE BURROUGHS SERVICE



What GOTHAM GOLD STRIPE Accomplished with

DENNEY TAGS

The great Gotham Hosiery Mills keep things moving quickly, because the production tags used are as scientifically designed as their finest machines. The Denney Tag designers are expert engineers on the job of creating an efficient production tag. A little change in design here and there and the added speed and efficiency brings added profits. Denney Production Tags have increased profits for others and they will increase yours.

The Denney Advertag is the efficient salesman at the point of purchase. It catches the eye and brings out sales points that bring the sale. Let us design a production tag and an Advertag for you. Write for information.

THE DENNEY TAG COMPANY
WEST CHESTER, PENNA.

are but 25% greater than his rival's, he must pay a 100% greater tax.

Following Georgia's lead, Kentucky's law taxes gross sales. No exemptions occur in the Kentucky measure but the burden is increasingly heavy on concerns doing a big business. It starts with a 0.05% on gross sales of $400,000 or less, and rises to 1% on gross of $1,000,000 or more.

Some methods of some chains have given ammunition to their enemies. It is a fact that certain articles have been sold at suicide prices to get customers into stores. Immense buying power of large organizations has been used to club the manufacturer into ruinous price concessions. There have been cases of rebates returned from manufacturers to chains.

There are indications now that the anti-chain fight will be brought into Congress. The Federal Trade Commission is investigating.

The unions don't like the chains because they refuse to organize; small town bankers don't like the chains because they do not maintain large balances; even the farmers are being told that chains reduce prices for their products. There is a possibility that fear and dislike may bring on federal regulation.

Few lawyers doubt a law could be framed to pass the Supreme Court.

First Roll-Call of Anti-Chain Army

There are 260 towns and cities in which there are local or national organizations arrayed against the chain stores. The total urban population of this active group is 8,077,255, which is 6½% of the total population of the United States.

The number of active organizations found in the various states follows:

Alabama	4	Mississippi	1
Arkansas	2	Missouri	11
California	3	Nebraska	10
Colorado	12	New Jersey	2
Connecticut	2	New Mexico	4
Florida	2	New York	1
Georgia	19	North Carolina	24
Illinois	17	North Dakota	8
Indiana	3	Ohio	13
Iowa	7	Oklahoma	7
Kansas	11	Pennsylvania	5
Kentucky	5	South Carolina	4
Louisiana	4	South Dakota	4
Maryland	1	Tennessee	12
Massachusetts	2	Texas	13
Michigan	13	Virginia	7
Minnesota	8	West Virginia	5
		Wisconsin	14

The best count so far made of anti-chain organizations shows:

Town population	*No.*	*Town population*	*No.*
less than 1,000	15	9,000	4
1,000	15	10,000	8
2,000	25	10,000-20,000	32
3,000	21	20,000-40,000	14
4,000	16	40,000-80,000	20
5,000	21	80,000-100,000	7
6,000	14	100,000-200,000	10
7,000	11	over 200,000	11
8,000	6		

Of these, 81 are units of the Merchants' Minute Men and, curiously enough, 5 Chambers of Commerce are among those listed as active in the anti-chain propaganda.

Publications listed as "anti-chain" are:

Interstate Grocer, St. Louis; *Merchants Journal*, Topeka, Kans.; *Johnstown Democrat*, Johnstown, Pa.; *Wire Grass*, Donathan, Ala.; *Truth*, Decatur, Ga.; *News*, Ziegler, Ill.; *Press*, East St. Louis, Ill.; *Times*, Clay City, Ky.; *Hello World*, Louisville; *News*, South Buffalo, N. Y.; *Progress*, Washington, N. C.; *Times*, New Born, N. C.; *Dispatch*, New Kensington, Pa.; *The Booster*, Bowie, Texas; *Chained*, Dallas, Texas; *Chain Store Menace*, Birmingham, Ala.

Radio stations counted as hostile to chains are:

KWKH—Shreveport, La.; WASH—Grand Rapids, Mich.; WDGY—Minneapolis, Minn.; WBT—Charlotte, N. C.; KFAB—Lincoln, Nebr.; WHO—Des Moines, Ia.; KFEL—Denver, Colo.; WKBC—Birmingham, Ala.; WBRC—Birmingham, Ala.; KVEP—Portland, Ore.; KJR—Seattle, Wash.

The chains count the following public officials as hostile:

SENATORS:
- Gerald P. Nye—North Dakota
- Peter Norback—South Dakota
- George W. Norris—Nebraska
- Royal S. Copeland—New York
- Furnifold M. Simmons—North Carolina
- William J. Harris—Georgia
- Smith W. Brookhart—Iowa

GOVERNORS:
- Flem D. Sampson—Kentucky
- Huey P. Long—Louisiana
- Theodore Christianson—Minnesota
- W. J. Bulow—South Dakota
- Albert C. Ritchie—Maryland
- Fred W. Green—Michigan

CONGRESSMEN:
- Charles L. Abernethy—North Carolina
- Malcolm C. Tarver—Georgia
- Charles R. Crisp—Georgia
- Emanuel Celler—New York
- James M. Mead—New York
- Edgar C. Ellis—Missouri
- Gilbert N. Haugen—Iowa
- William R. Wood—Indiana
- Clyde Kelly—Pennsylvania

Candidates running for office on anti-chain planks are enumerated as:

Philip LaFollette—former district attorney, running for governor of Wisconsin

Senator Lange—running for governor of Iowa

B. M. Miller and Samuel McCall—candidates for Alabama governorship

Col. Samuel N. Hunter—former assistant adjutant general of Illinois, running for state secretary

The Three Mathers Gravely Play Chess With Steel Men

Descendants of Richard, Increase, and Cotton Mather, they are the first citizens of Cleveland

ON a bright summer afternoon the master of a Cleveland-Cliffs ore liner a couple of hours past the South East Shoals in Lake Erie makes out a gleaming marble portico against a smoky shore, and he knows that behind it lives his chief, William G. Mather. Mather may be walking in the garden or the conservatory, or reading in his library, the second of the ten notable collections of Matheriana in America, or he may be conferring with Cyrus S. Eaton on the affairs of Cleveland-Cliffs and their joint holding company.

At the present moment, however, Mather is traveling in Africa with his elder brother, Samuel Mather, the head of the partnership of Pickands, Mather & Co., members of which are engaged opposite Eaton in the contest over the merger of Youngstown Sheet & Tube with Bethlehem Steel. Though their associates are in bitter controversy, the brothers left serenely for the old world together two weeks ago, not, however, before William G. had given word to buy another steel mill, a move in the complicated chess game of the Middle Western consolidation movement.

Rivals? Well, Yes and No

The Mather brothers seem to onlookers to be on opposing sides of the rivalry that shakes the Ohio steel industry and reverberates in the corridors of Wall Street. Yet so interlocked are their personal interests that they would come out about the same either way. This could not be said, however, of the representatives of younger clans which have been breaking lances in Youngstown and Cleveland in recent weeks.

No western family has a more urbane background than the Mathers, descendants of the line of Richard, Increase, and Cotton Mather of Massachusetts Colony. None has interests which touch the steel industry more intimately or in more places than theirs. Their grandfather belonged to the company which laid out the Western Reserve; their father was one of the pioneers in the ore of the Lake Superior ranges, and they have had the leisure to share in every important civic, social, and artistic movement of Cleveland.

The company which William G. Mather directs is the one their father founded. Samuel Mather left it to start his own firm many years ago, but he continued to have an interest in the family business. Cleveland-Cliffs is a carefully integrated "vertical trust" in iron ore, steamships, coal, furnaces, steel works. Pickands-Mather, on the other hand, developed as a partnership of merchants of ore, owning mines and operating mines for others, owning ships and operating ships for others, working on terms of close cordiality not only with the independents of the three valleys but with the United States Steel Corporation and Bethlehem as well.

A member of Pickands-Mather was president of the Pittsburgh Steamship Co., the Steel Corporation's vessel subsidiary, and when he resigned another man trained in Pickands-Mather succeeded him. Samuel Mather is a director of the Steel Corporation, in the formation of which he participated, and he is one of the largest shareholders in the Youngstown Sheet & Tube Co., which he helped James A. Campbell to organize. His partner, H. G. Dalton, is a director of Bethlehem, and together, through the Lackawanna stem, they helped to bring Bethlehem to its present position.

In a rationalization movement Cleveland-Cliffs could readily fit into almost any combination large enough to coordinate with it. Pickands-Mather, however, with its complicated alliances and contracts, would have to be remodeled to become part of any new steel corporation. A coagulation of Pickands-Mather interests in fact has been slowly going forward—the new Interlake Corporation consolidated their Lake Erie furnaces with the By-Products Coke Corporation of Chicago, whose ore they had long been hauling. A new Mather Iron Co. has been formed lately to realign other interests. The Interlake Steamship Co. continues independent, the property of Pickands, Mather & Co.

While Eaton Is Busy—

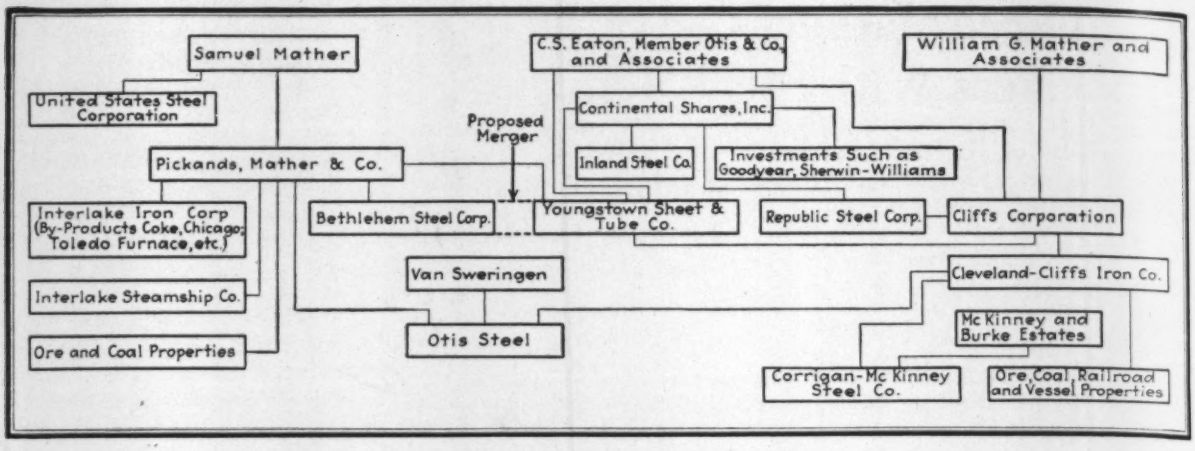
A week after Cleveland-Cliffs bought the big Corrigan-McKinney Steel Co. in Cleveland, Pickands, Mather & Co. put one of its members, Elton Hoyt II, son of the founder of the American Ship Building Co., on the board of Otis Steel. Otis, across the street from Corrigan-McKinney, is controlled by the Van Sweringens and their new group in the Midland Bank of Cleveland. At the same time Cyrus Eaton's partner went off the Otis board.

Observers grew bewildered at the footwork. Eaton was too busy with the Sheet & Tube fight to pay much attention to what was happening in the back yard. Otis Steel, in association with, say, Inland of Chicago, could readily be made the nucleus of still another Middle Western steel grouping.

There is a third member of the Mather family who holds a hand in the

THE MATHERS

Samuel *William G.* *S. Livingston*



WHO OWNS WHAT, AND HOW

The chart shows the interweaving financial relationships of the Mathers, the Eatons, and others

merger tournament, and he is Samuel Livingston Mather, son of Samuel Mather and vice president of his uncle's Cleveland-Cliffs. The Cliffs stock is not being voted in the Sheet & Tube controversy, but thereby it counts against the sale to Bethlehem. S. Livingston Mather, who is about 45, is the head of the family in America so long as his father and uncle and two aunts are in Africa. This Mather is a graduate of Yale, the director of twenty or more iron, coal, and shipping companies, director of one of the four Cleveland banks in which Mathers are important, and follows the Mather tradition in social work and educational connections. His hobbies are nearly all outdoor—he rides horseback, sails a boat on the lake, plays golf, skates, and toboggans, and spends much of his time around his place near the shore at Mentor, O.

Of Formal Manners

S. Livingston's father is still Cleveland's foremost citizen. Samuel Mather is probably also still Ohio's richest man, and the total of his benefactions to charity, hospitals, medical schools, and universities approaches $10,000,000. Annually he gives the local federated charities more than $100,000 and he recently presented to Western Reserve University a $2,500,000 medical building. While one of his partners was president of the Dry Maintenance League he joined the Association Against the Prohibition Amendment. The Mathers occasionally differ but they respect one another's opinions.

On his mother's side Samuel Mather was descended from James Fenimore Cooper, and he was a brother-in-law of John Hay. He cloaks his wide social interests behind formal English manners. Employees of Pickands-Mather rise when he enters the office. Mather had hoped in youth to go to Harvard, but he was injured in an explosion in one of his father's mines, and years that he would have been in school he spent recuperating and traveling.

William Gwinn Mather, who is 72, six years younger than his half-brother, was a bachelor most of his life. His interests run to art, to book collecting, to a range of charitable connections resembling those of other members of the family. He has his own librarian for his collection of the works of and about Mathers, and only the collection of the American Antiquarian Society, to which he belongs, exceeds his own. There are about 1,500 books a Matherian can expect to get, and he has nearly all of them.

In the days when city planning was emerging from the "city beautiful" movement he started the program for a mall group plan in Cleveland; after three decades he watches it unfold. W. G. Mather is also one of the pillars of the Protestant Episcopal Church in America, and his brother Samuel is senior warden of Trinity Cathedral.

60 Ships; 50 Mines

To the people of Munising, Mich., on one of the ore ranges of Cleveland-Cliffs, W. G. Mather is both lord proprietor and patron of all the community enterprises. The high school is named for him, and he has given the hospital and the community club house.

Sixty steamers fly the house flags of the Mathers. Fifty iron mines raise ore for them or their customers, and the total of the ironstone taken out by Mather companies will exceed 14,000,000 tons a year. Their coal mines in Pennsylvania and West Virginia hoist the fuel they ship up the lakes. They are owners of hydro-electric plants, of exploration companies, of paper mills, of lumber operations, of land companies, of charcoal and coke furnaces, of railroads, of dock properties, of all the heavy paraphernalia of the Great Lakes industry.

They own the first mine in the north, and they are consulted in every major deal in today's steel business.

Youngstown Raids And Counter-Raids

HEAVY drives all along the front feature closing days of the Bethlehem-Youngstown merger battle. Here are late bulletins from the war correspondents:

1. Bethlehem officials promise to maintain the identity of Sheet & Tube if the merger succeeds.

2. Representative La Guardia, of New York, has offered a Congressional resolution calling upon the Attorney-General to determine if the proposed merger may not constitute a conspiracy to restrain trade in which U. S. Steel is involved. Samuel Mather is a director of U. S. Steel.

3. The analysis of the proposed merger terms made by Price, Waterhouse & Co., having been questioned, Bethlehem has published as a full-page advertisement in leading newspapers a second and confirmatory analysis made by Haskins & Sells; Lybrand, Ross Bros. & Montgomery; and Arthur Andersen & Co.

4. Arthur B. Taylor, Youngstown stockholder of Sheet & Tube, filed a petition, Wednesday, for a mandatory injunction to require Sheet & Tube officials to give him figures which would establish the value of the common stock of Bethlehem.

New Anti-Trust Law Live Topic

No concerted movement for amendment of the anti-trust laws is under way, but various groups of discontent are keeping the subject alive both in Congress and in business. The American Bar Association, the National Civic Federation, other organizations and individuals, are fomenting discussion in order to develop definite recommendations for change. More or less solidified proposals are expected to emerge from the conference in New York next month, arranged by Rush Butler, chairman of the Bar Association's commerce committee.

The attitude of the Department of Justice as expressed by Attorney General Mitchell and evidenced in inquiries which the department now is making into trade association activities is arousing considerable concern and probably will keep the subject of amendatory legislation in the limelight. Neither those favoring strict enforcement of the anti-trust laws nor those advocating further application of the rule of reason are satisfied with the present administration of the laws.

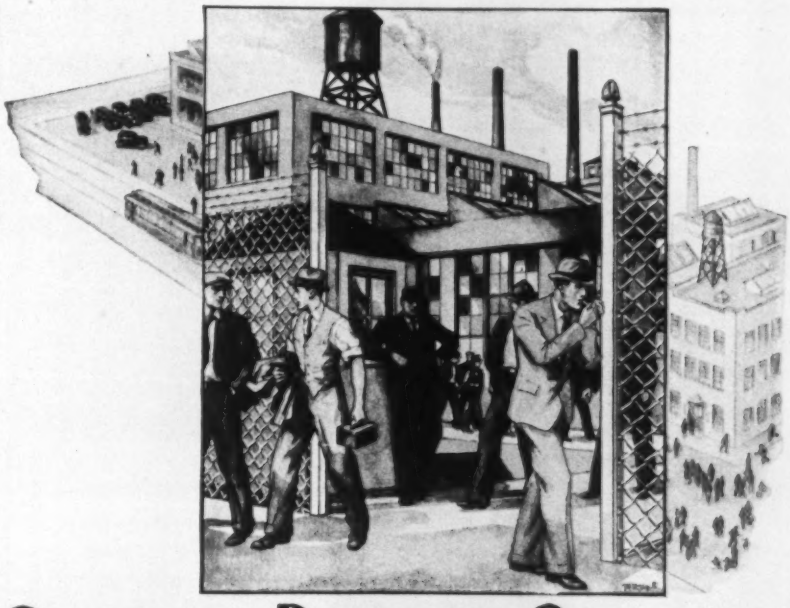
One view is that there must be room under the anti-trust laws for discretionary regulation to remove the rough edges from competition. On the other side, there is a somewhat noisy insistence for more rigid enforcement of the laws and stricter prohibition against self-regulation in business.

Holding Companies Go on the Stand

INVESTIGATION of the railroad holding company, unknown quantity in the rail situation, got under way this week before the House Committee on Interstate and Foreign Commerce. An important result of the investigation will be a hard and fast definition of the holding company for I. C. C. guidance.

The committee has been granted broad powers by the House and is authorized to summon books and papers of the companies to determine the effect of the ownership of the stock of the railroads by the holding companies.

The Delaware & Hudson Co. is the latest to join the ranks of the rail investment trusts, which include also the Alleghany, controlled by the Van Sweringens, and the Pennroad, owned almost wholly by stockholders of the Pennsylvania Railroad.



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The sturdy construction of Anchor fences provides lasting protection at a minimum maintenance expense.

Just write or phone our nearest office and all the facilities of the Anchor Sales, Erecting and Engineering Departments will be placed at your disposal.

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Albany Boston Buffalo Charlotte Chicago Cincinnati Cleveland Detroit Hartford Houston Los Angeles Mineola, L.I. Newark New York Philadelphia Pittsburgh St. Louis San Francisco Shreveport

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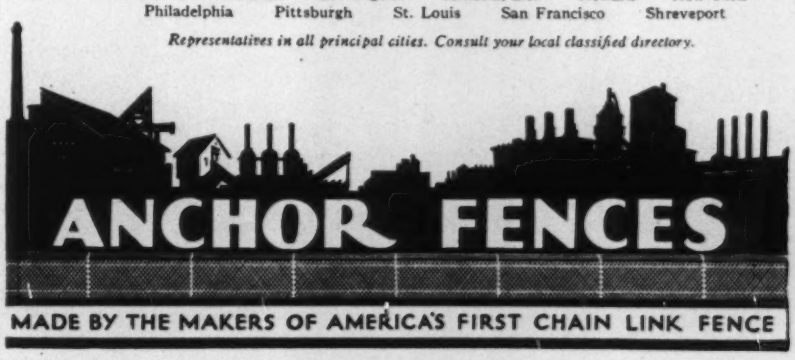
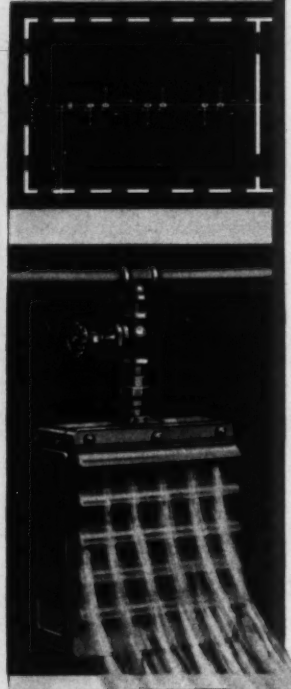


MADE BY THE MAKERS OF AMERICA'S FIRST CHAIN LINK FENCE

They're AIR MINDED in HEATING too —



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Modine Unit HEATER
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Wallpaper Stages A Comeback

THE wallpaper industry, already showing an annual business volume of well over $250 millions, is developing a very definite upward trend. Orders for 23,161,000 more rolls were received during the 6 months ending March 1 than in the corresponding period of the previous year, and production increased 10,761,000 rolls. A slight increase in price was obtained. This favorable showing is largely credited to the use of a certification of quality label adopted by the Wallpaper Association of the United States and printed on the back of each roll. Legally approved in August, 1929, the label has already been adopted by all but three or four manufacturers.

Attention of the consumer has been attracted to the new range of modernized wallpaper patterns by the judicious use of an advertising appropriation of $250,000, and an additional $100,000 for educational purposes.

"The vogue of the painted wall put the American industry far behind the industries of France and Great Britain, both in volume and in artistic merit," said E. D. Belknap, executive vice-president of the Wallpaper Association. "We're staging a comeback. We're putting style and quality into the product. The new guarantee label has restored confidence. To some extent, the evils of the trade, as much as the painted walls, hurt the industry. Lack of new designs, poor quality of paper stock, colors that faded, hurt the industry. Since August 4, 1929, it has cost the industry hundreds of thousands of dollars to replace fadeable patterns with permanent colors, but fully 90% of the wallpapers now pass the test and obtain the right to use the new label.

"At the start, dealers refused to carry the papers guaranteed for two years on the wall. They wanted quick replacement merchandise, consequently they lost their public. Now, however, most of them are glad to pay a slight increase for the better quality papers, with no increase to the consumer. Between smarter patterns and guaranteed colors, the dealer is regaining his public."

Patterns specially designed to match architecture are a feature of the new wallpaper campaign.

Promotion plans of the industry include advertisements in half a dozen popular magazines, and a tour of the country by cooperative field agents, who will spread educational propaganda among dealers, architects, and decorators.

Russian Five-Year Plan Haunts Europe With Dread

Not profits, but a titanic dumping campaign to wreck the world of capitalism its aim

EUROPEAN business is more or less haunted by a growing fear of Russia as a potential competitor. That is by no means the only source of anxiety about her. There are others: her military strength, and particularly the indirect effects of Communist influence upon the trade of certain European countries like Great Britain in the Far East. But it is chiefly the ferocious persistence with which Russia is pursuing her program of industrialization on mathematical schedule, and the effectiveness with which she appears to be keeping up to that schedule, and even exceeding it, that have created this vague and general anxiety abroad. The sudden furore about Russian religious policies in the past two months is probably, in part at least, a reflection of this anxiety.

European business has recently had concrete evidence of the competitive purpose behind Russia's industrialization program in several instances. Russian textiles are reported to have been offered in the heart of Lancashire at less than British production costs. The Belgian match industry has been in a panic as a result of the dumping of Russian matches in her markets. Japan has lately been concerned over the same thing.

Rayon Worries Italy

Italy is worried by the rapid growth of Russian rayon production designed to flood the Near Eastern markets in which Italy has now such large interests. Our own, as well as Canadian, wheat producers have indirectly felt the effects of Russian policy when relatively small exports of Russian wheat, actually much needed in Russia, have periodically appeared in European markets at moments appropriate to depress prices during the past season.

Bringing the matter closer home, reports were published this week that the Soviets, paying miners 17 cents a day, had recently dumped 250,000 tons of coal in New England at cut prices.

Russian progress in iron and steel now begins to present formidable possibilities. It has probably been forgotten that the Russia before the war ranked high among the steel producing nations. In 1913 she was fifth as a pig iron producer and fourth as a steel producer. The war and revolution eliminated her as a factor in the world's steel industry, but in the last few years there has been a rapid recovery. Output has expanded until by now Russian blast furnace output is probably larger than in 1913 and steel output at least the same as before the war. She has done this, of course, with the aid of American and other engineers who have been helping construct new plants. She has lately begun building what will be one of the largest single steel producing units in the world.

Russian industrial competition, as it materializes, will present a problem because it is a new kind of thing, based upon economic—and political—principles different from those which control competition among other countries. Her raw materials are, of course, abundant in almost every line, but other countries have them, too. Russian competition will be unique, not because of her potential wealth, but because of the way in which she will use it for competitive purposes, and because of those purposes themselves.

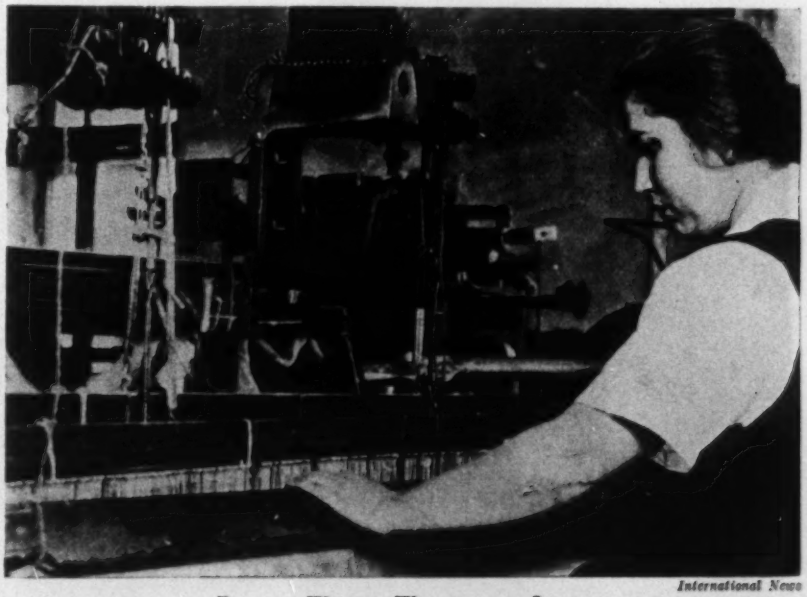
The important factors that distinguish Russian competition are, first, that other countries have what are called labor costs, which determine prices, while Russian industry has no labor costs in the sense in which we understand them. All workers are practically State employees, and internal wages and prices are so regulated by the State that comparison between real labor costs in Russia and other countries is practically meaningless. At best they are merely subsistence costs, charged not to the industry or the product but distributed over the whole economic system.

Costs of production in the usual sense do not begin until her exports pass her border and she has to commence paying both her transportation and handling charges in terms of wages of non-Russian workers. Consequently, prices on her exports can be fixed almost arbitrarily.

Capital Is Paper

A second factor is that her internal capital costs of production are likewise not comparable with those of other countries. The capital necessary for her industries is created by a process of bookkeeping and is allocated to the various industries according to a national program of development laid down in advance. Her industries are, therefore, not competing with each other or the outside world for capital. Dividends and interest rates consequently have practically no meaning that we can understand. They are merely bookkeeping or accounting terms, signifying little more than depreciation or obsolescence allowances, likewise charged not against the product but against all production.

The only costs which Russia has to pay in our sense of the word are those for the machinery and materials she is provisionally buying from outside until able to make them herself, and the cost of imported brains, for which she has to pay going rates, until she can develop sufficient of this type of technical and



International News

RUSSIAN WOMAN WORKING AT LOOM

managerial ability herself. This she is doing rapidly through a remarkable educational system, and through intensive study of foreign methods by her missions incessantly visiting the United States and other countries.

More important than all these economic factors is the purpose or policy behind them. Russia's industrialization program, particularly on its export side, is inseparable from the Internationale, or the world-revolutionary organization which is in control of the government. It is not engaged merely in building up the economic life of Russia on a Communist basis; it is doing this always as a means of hastening what she regards as the inevitable process of decline of capitalism according to the Marxian formula and forecast.

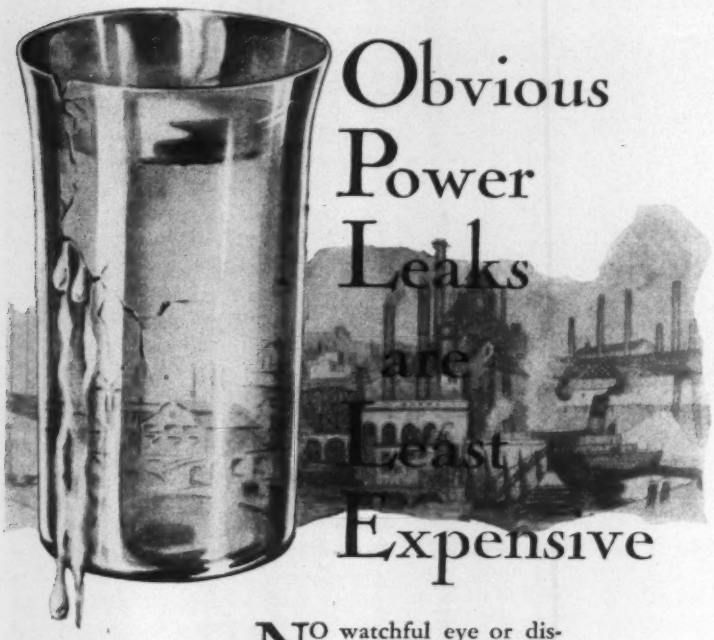
Gnawing at the Foundations

In inviting outside aid in reconstruction Russia has been very explicit about refusing to abandon her internal political aims; and her external political purpose of promoting the collapse of capitalism is implicit in her internal policy. This collapse—or it may be merely transformation—according to the Marxian view is bound to come through a breakdown of the price system which regulates free enterprise in the capitalistic system of production. This breakdown she sees already taking place in the growth of various forms of state socialism in Europe, the growth of the cartel and other price fixing machinery in industrial organization, the Farm Board in the United States, the coal bill in England. Through her industrialization program and her state-controlled export activities Russia is aiming clearly to attack the capitalistic system in its most vulnerable spot and to speed up and force the collapse of free competitive markets by drastic price-cutting.

Her direct political activities in the form of Communist agitation are merely whipping up the froth of unrest on the surface. The other things are a fundamental undercurrent intended to eat away the foundations.

The first defenses against all this of course are bound to be tariff restrictions, anti-dumping laws, even embargoes, by the other nations separately, then in concert; but any such boycott must rest ultimately upon the sanction of force and end in a trial of military power—for which Russia is also preparing.

That is why, in the background of the repeated efforts toward a tariff truce in Europe, and of the naval conferences, one who looks sharply can see the shadow of the Soviet colossus.



Obvious Power Leaks are Least Expensive

NO watchful eye or discerning mind is needed to detect the major power leaks in your plant. When a generator fails—a transmission line breaks—the need for replacement is instantly apparent.

But the hidden power leaks that go unnoticed—day after day—year after year—are the ones that demand your attention. Inefficient speed reduction units—obsolete power transmission methods—often cause steady power losses between motor and machine that are far more expensive than the occasional breakdowns which you hasten to repair.

Put an end to those hidden power losses in your plant. A G&F engineer can recommend the proper type of Speed Reducer—Worm, Planetary or Herringbone—to handle any given set of horsepower, speed or load conditions.

Our line is complete—our engineering service is available at all times. Let us assist you in eliminating the hidden power losses in your plant.

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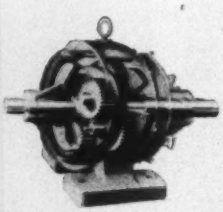


Phantom View of G & F Planetary Speed Reducer

GEARS & FORGINGS INC.
SPEED REDUCERS

What Big Business Men Think of the Tariff Bill

New consciousness of international effects evident—Many strongly favor commission

THE telegraphic survey of tariff opinion among representative business men, conducted by *The Business Week* and summarized in last week's issue, showed a fairly general disgust with the present bill, and especially with the way it was made. Besides their answers to the questions we asked, many executives sent us fuller expressions of their views, too long to quote last week. Here are a few that are typical:

"I believe that this should be the last tariff bill to be enacted under our present system of rate making.

"Relying on the pulling and hauling, bickering and trading between congressmen . . . . to evolve anything approaching a scientific and fair tariff bill may have been the best we could do in the past, but it does not belong to this generation.

"Our tariff policy and administration should be determined by the people through their representatives, but the rates in accordance with that policy should be arrived at by a non-partisan (not bi-partisan) tariff commission, removed as far as possible from any political consideration, with the authority and ability to get at the facts, determine the rates needed and to originate and propose necessary changes."

* * *

"The average business man generally has a point of view which is entirely made up by the breakfast he ate that morning and by the number of hours sleep he had the night before.

"This shortsighted individual will feel that the tariff is fundamentally and basically a part of his necessary stock in trade. If it is reduced he can't help but feel that competition is going to wipe him out—if it is increased he immediately feels that prices will go up and his profits increase.

"It is going to be an extremely difficult thing to eliminate this point of view from the superficial mind which is guiding much American business. There is no politician clever enough to be able to follow the dictates of his mind when the shallow voter led by the demagogue is the final arbiter.

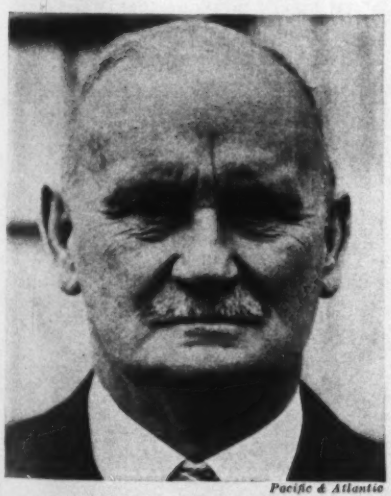
"Of course, the tariff commission is merely a political method of passing the buck because the politician knows that he can't sell this idea to the voter any more than he can sell him the idea of the Golden Rule. However, any step in that direction is progress no matter how slow."

* * *

"What we want is not preferential tariffs on items handled by us, but rather sensible tariffs that will protect the export business as well as keep the country prosperous."

* * *

"In spite of all the criticism that has been leveled at the tariff commission I feel confident that in almost every case they have come nearer to the truth than the secretaries, committees, and commissions representing private interests. This has been very clearly demonstrated in the case of leather where the commission took a neutral ground and brought out facts which should have been effectively used in the Senate."



Pacific & Atlantic

REPRESENTATIVE HAWLEY

"Politics, Not Economics"

"We feel that general tariff revision was unnecessary, as such a revision is always inevitably inspired and put through on the basis of political considerations rather than on the basis of changes made necessary by the prevailing economic conditions.

"We would prefer present level of rates, despite outstanding inconsistencies and flagrant maladjustments, to the new rates which are, in our estimation, quite out of line with the needs of American industry generally. We feel that the flexible tariff should be retained to permit of proper readjustment in view of the changes in economic conditions occurring from time to time.

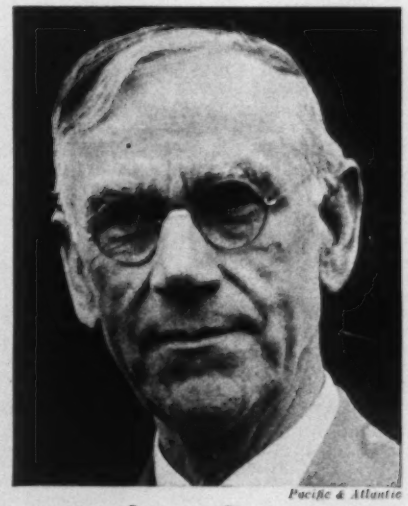
"We favor strongly the reorganization of the tariff commission with a view of expanding its powers to initiate rate changes because we feel that changes are made necessary from time to time and they should be made in a manner to exclude unsound manipulation based on political considerations."

* * *

"There can be no question but that a general revision of the tariff is necessary. The administrative features of the Tariff Bill are of more importance than the schedules. Many articles and commodities are being brought into this country under lower rates of duty than that intended to be granted by Congress in the Tariff Act of 1922. The new Tariff Act will rectify this condition."

Our Living Standards

"I regard general tariff revision necessary because the difference between the rates of wages in Europe and the United States is much greater now than it was before the war. In manufacture of my products, American wages were about three times those in Belgium before the war and about five times as great since the war. I think the public does not understand this fact. I have no doubt the compromise measure that will come from the Conference Committee in the Senate and the House will be a better bill than the one now in force. I think the flexible feature of the present tariff should be retained. I do not favor extending the powers of the Tariff Com-



Pacific & Atlantic

SENATOR SMOOT

A $30,000 cup of coffee

In a certain city, there was a restaurant nicknamed "The Watchmen's Club". Every night a group of watchmen gathered there to drink coffee and chat. The employers never heard of "The Watchmen's Club". They thought their watchmen were attending to duty. Until, one night, a fire broke out. $30,000 damage was done before it was extinguished.

Don't GUESS about your watchmen. A Detex Watchclock System will show you whether he stayed on the job all night or not. When your watchman carries a Detex, he WILL stay on the job, for he knows that any negligence will be recorded on the dial.

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mission but think that the flexible feature if retained will sufficiently meet the existing necessities."

"It seems to me that since the compensation of all kinds of workers in the United States is very much higher than compensation to similar workers elsewhere every effort should be made to protect this situation, since it is generally agreed that the high wage has been the basis of the prosperity of this country. I am fairly familiar with two industries in the United States and in Europe. There is only a small reduction in the efficiency of labor in either industry. The equipment is quite as good in Europe as in the United States and in many operations in the one industry (not cement) the efficiency of the worker is higher than in the United States."

How to Help the Farmer

"General tariff revision was unnecessary but, if attempted, few rates should have been increased and those affecting goods sold agricultural people lowered. The only way to adjust deplorable agricultural conditions and reestablish farmer's buying power is to lower cost of articles sold him, as the selling price of his products cannot be increased sufficiently to solve his troubles. Flexible tariff if honestly administered would be an improvement over present method, but political considerations would nullify proper administration. A tariff commission is desirable if vested powers, terms of office and salaries are sufficient to withstand political or selfish business pressure, otherwise worse than present method."

* * *

"If tariff can be isolated from politics, think tariff commission of character and standing of Supreme Court would work out over long run most happily."

* * *

"Do not regard tariff revision necessary or desirable. Believe it interferes with our export trade which is highly essential in this period of over-production of both raw commodities and manufactured goods."

* * *

"We were satisfied with the former schedules and the manner in which they were being collected. Every effort at tariff revision creates a feeling of uncertainty in business. We will be pleased when the tariff matter is definitely disposed of."

* * *

"In general I would prefer the rates which are lower. Any inflation of the tariff must eventually weaken American industry in meeting competition. Would favor reorganizing tariff commission, expanding its powers to initiate rate changes if the commission could be made up of men of large enough mentality and background and sufficient guts to do what they should rather than being swayed by every whim of the crowd."

The Tanners' Troubles

"Tariff revision is absolutely necessary to American industry and agriculture to enable it to meet competition with foreign low-paid labor. The tardiness of Congress to perfect a tariff bill giving relief to American tanners, whose losses have been constant and increasing for the past several years, has already brought disasters to many and threatens severe consequences to more. Considering constant changes in world industrial and agricultural conditions a properly constituted tariff commission of statistical and advisory scope and purpose has become a necessity."

* * *

"In my opinion the present tariff bill was satisfactory. Any changes should have been made after a thorough research by the tariff commission and on their recommendations. The flexible feature of the tariff bill should be retained; as to reorganization of the commission with more power, Congress will probably never yield to any other body supervision of the tariff.

"The present disturbance in industry is largely due to uncertainty as to the action of Congress on the tariff, following so closely the depression of the stock market. The failure of the Senate to act quickly at a time when quick action was necessary has not tended to restore public confidence."

Sugar Subsidy From Cane Waste

SUGAR cane waste can be made into rayon. It contains a higher percentage of cellulose than spruce—54.8% as against 53% in spruce.

Hitherto the woody cane stalks, crushed and de-sugared, have been used as fuel. Lately a process for converting it into fine paper has been developed but the market for paper is already supplied as cheaply.

But the rayon market is growing and in real need of raw materials. Here cane would not merely displace some other well-established source. The new process may become an important element in the battle between sugar cane and sugar beets.

Patent Club Is Now Wide Open

ESSENTIALLY tragic, the oil industry has one humorous if not comic aspect. It is in the lawing about patents. Out of the tangle of litigation over the cracking process have emerged two standardized types. One was the immortal Carbon Petroleum Dubbs, Chicago promotor of the Universal Oil Products Company, greatest plaintiff and defendant in the history of the hydro-carbon. Another was the Patent Club, exclusive little social body of half a dozen leading crackers of oil, all strictly gentlemen, all licensors of their inventions to other and lesser refiners of gasoline.

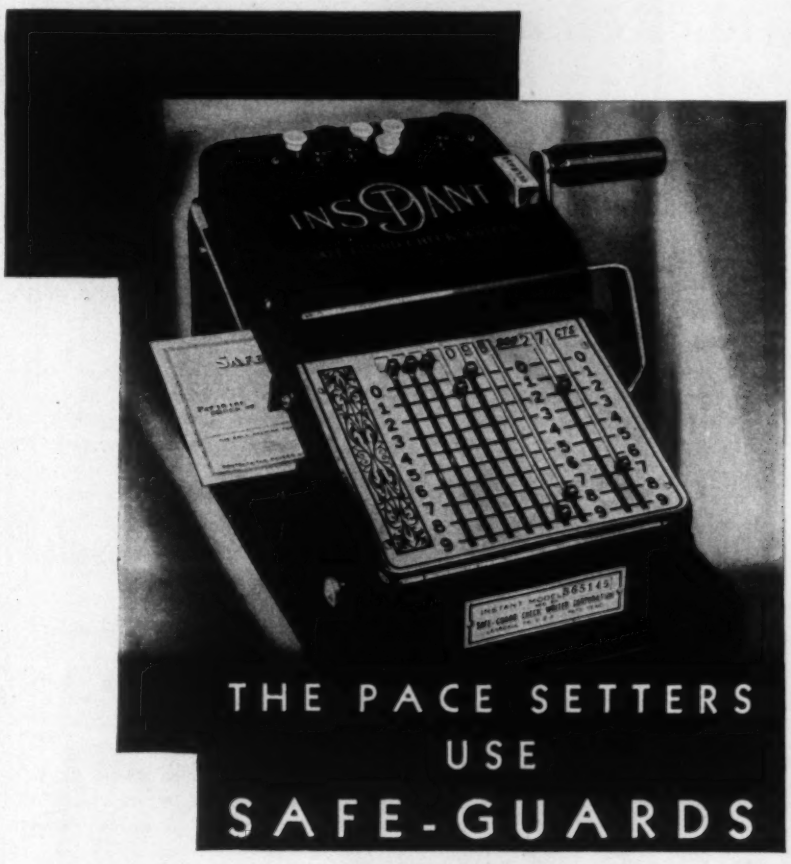
The federal authorities have been after the Patent Club for a very long time. And it has lost every round. The last one, before a federal appeal court out in the Middle West, looked particularly bad.

But inside the fastnesses of 26 Broadway there are many and devious resources, and not the least of these are the gentlemen of the bar. Last week they produced another and a characteristic masterpiece.

There has existed since November a company known as the Standard I. G. Company, all of whose shares were in the strong boxes of the Standard Oil Company of New Jersey and of the I. G. Farbenindustrie, A. G., of Germany. Last week's new subsidiary has not yet been christened. But the point of it is clear. It offers to license out the precious Bergius process to anybody whatsoever, provided only that it appear to the S. O. of N. J. "that he can make commercial use of it." The phrase probably excludes Mr. Dubbs, who is not in the oil but in the patenting and licensing business.

But there is another little provision. The new licensee must subscribe to stock in the new company. Then he is no longer a licensee of a possibly illegal Patent Club but becomes himself a proprietor in the patent.

Almost everybody knows by this time that it is harder, even under the Sherman Act, to pursue thousands of people than it is to persecute a stubborn, aristocratic, little club of very rich old gentlemen. The financial device, it must be assumed in view of the eminence of its authors, is sounder than sound. But the legal notion involved is more than that. It is, as the French say, of all beauty, of the first water, pristine, unique, like so many brain feats that have come out of that large portal at 26 Broadway.



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Wide Reading

SMALL SCALE EXPORTING PAYS. Martin Haviland. *Printers' Ink*, March 27. Volume business not necessary to make it worth while.

INVESTMENT TRUSTS GONE WRONG. John T. Flynn. *New Republic*, April 2. First of series of four articles questioning place of new trusts.

THE MAD HATTER'S DIRTY TEACUP. Stuart Chase. *Harpers*, April. Our national dumping complex fails to provide for the care of dumps. America's dirty cities are getting dirtier.

THE AMERICAN DWELLING-HOUSE. Lewis Mumford. *American Mercury*, April. Strikes a blow at gew-gaw and bric-a-brac dealers; points a trend for interior decorators, architects, prospective home-builders.

IS A SECOND CANAL NECESSARY? John F. Stevens. *Foreign Affairs*, April. No. Arguments that put an end to much shallow prattle about a Nicaraguan Canal.

FRANCES PERKINS: INDUSTRIAL CRUSADER. Inis Weed Jones. *World's Work*, April. New York sets the pace in organizing labor—and a woman heads the department.

THE PLACE OF THE APARTMENT IN THE MODERN COMMUNITY. Henry Wright. *Architectural Record*, March. Issue devoted to problems of housing large communities in desirable apartments. For tenants as well as architects and builders.

NUTRITION AND "NERVES." James A. Tobey. *Scribner's*, April. Brands as ballyhoo much that is written about diet.

THE SOVIET TOUCHSTONE: INDUSTRIALIZATION. Bruce C. Hopper. *Foreign Affairs*, April. Harvard economist turns an X-ray on Five-Year Plan; finds it working but striking at health of people.

THE CORNER GROCER TALKS ABOUT CHAIN-STORE COMPETITION. Freeman Tilden. *World's Work*, April. Homely observations of the element in small towns which is not accepting the chains.

SELLING THE "MAN IN THE STREET." Ernest Eberhard. *American Architect*, April. Survey of what is being done by 44 chapters of the American Institute of Architects.

THE RHINE-DANUBE CANAL. *Foreign Affairs*, April. Trade significance to adjacent countries of transeurope waterway now under construction.

BOOKS

WORK ROUTING IN PRODUCTION. John Younger. Ronald Press, 115 pp., $2.50. Practical handbook based on current practices of modern plants in work routing, scheduling and dispatching—the three steps essential to putting a production plan to work.

THE LABOR INJUNCTION. Felix Frankfurter and Nathan Greene. Macmillan, 343 pp., $5. The labor injunction in action and history of legislative efforts to define and limit its uses in labor disputes. Of interest to laymen, employers, and trade unionists.

THE PUBLIC CONTROL OF BUSINESS. Keezer and May. Harper, 267 pp., $3. Effective antitrust law enforcement and public utility regulation are compromised by judicial interpretation of law.

HOW GREAT CITIES ARE FED. W. P. Hadden. Heath, 302 pp., $2.80. Stresses refrigerator car as vital factor and government regulation as growing influence. Steers clear course through intricacies of metropolitan food distribution.

THE UNITED STATES OF EUROPE. Paul Hutchinson. Willett, Clark & Colby, 225 pp., $2. Discusses tariff walls, cartels, rationalization, labor outlook, American influence, Russia, obstacles—in proposed union. Brief.

GREECE TODAY. Eliot Grinnell Mears. Stanford University Press, 336 pp., $5. Valuable chapters on industry, business technique, international commerce and finance, and thriving new refugee trades.

RAILROAD CONSOLIDATION. Julius Grodinsky. Appleton, 334 pp., $3.50. Appraises from a strictly business viewpoint, merits of merger projects proposed by the railroads.

THE STOCK MARKET CRASH—AND AFTER. Irving Fisher. Macmillan, 286 pp., $2.50. Attempt thoroughly to assess market crash and economic consequences.

FELLOWSHIP—THE BIOGRAPHY OF A MAN AND A BUSINESS. Albert Field Gilmore. Stratford, 287 pp., $3.50. Eulogistic history of Commonwealth Steel Co., St. Louis, and its president, Clarence H. Howard, who has tried to apply the Golden Rule to his business.

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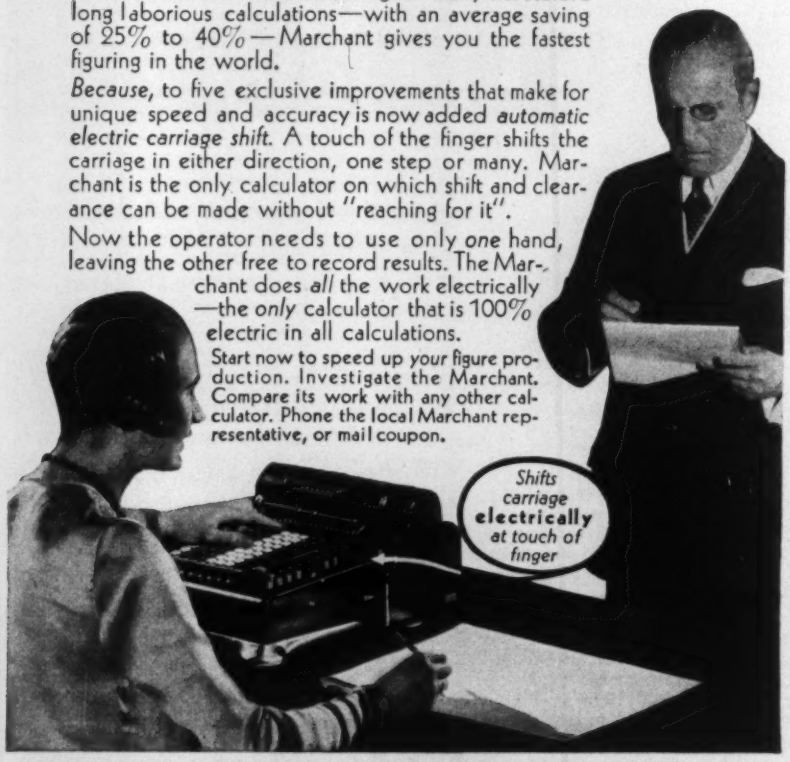

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Rochester Plans Winter Building

ROCHESTER, New York, has shown how cooperation of private and public interests can make employment, particularly in the building trades, less seasonal. Under the direction of the Community Conference Board, organized in 1921 "to lengthen Rochester's building year," business men and the public generally are urged to carry on as much construction work as possible during the winter months, especially interior decorating and remodeling. As a result of the campaign, building permits issued between December and March now make up some 27% of the annual total, against the usual 20% of the past. Total permits issued in February were fewer than in February, 1929, but commercial and industrial permits increased 75%, remodeling permits 73%. Building trades employment increased 10%.

The Conference Board was organized in 1921. On it are represented the Board of Education, the Builders' Exchange, the City of Rochester, the Real Estate Board, the Rochester Association, the Chamber of Commerce, and the Rochester Society of Architects. George Eastman became the first chairman. He has since become honorary chairman; the active chairman is Fred Gleason, of Gleason Works.

The Board seeks to equalize building construction work throughout the year. By wide publicity through the press, by mail, by Chamber of Commerce publications, active cooperation has been obtained. Typical of this cooperation is the attitude of the Board of Education. During the past winter the Board authorized more than 38,000 hours of repair and remodeling, of which more than 18,000 hours was work of the sort previously done during the summer vacation.

Once a month the Board meets and studies an employment survey covering 80% of the workmen employed in Rochester. An annual building survey is also made, rush periods are determined in advance, and the builders advised by newspaper publicity to rush or postpone their work. As far as possible, contemplated work is synchronized to insure employment in all trades. If a survey shows idleness in certain trades, efforts are made to speed up work to relieve the situation. Through the Chamber of Commerce, the Board sends a letter every fall to business men and manufacturers urging them to do repair and remodeling during the winter.

A SAFE INVESTMENT

INVESTMENT in study is profitable—more profitable than any other investment as a rule. Stock market collapses can wipe out security values but they can not take away knowledge or well developed ability ▲▲▲ It is at such times as we are passing through that trained minds are most accurately valued. For although education is always rated highly its real power is universally recognized after a crisis ▲▲▲ If the crisis happens to be a financial one the emphasis is laid largely upon education's value in business—and not only at the top but all through an organization. But when the crises are social or cultural—and each of us goes through them often—it is equally true that the better educated person is instinctively relied upon ▲▲▲ Properly directed education far more than pays for itself in one way or another ▲▲▲▲▲

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Botany	English Composition	Languages	Secretarial Studies
Business Administration	English Literature	Latin	Short Story Writing
Business English	Essay Writing	Library Service	Sociology
Business Law	European History	Literature	Spanish
Business Mathematics	Fire Insurance	Magazine Article Writing	World Literature
Business Organization	French	Marketing	Zoology, etc., etc.
Business Psychology	General Science	Mathematics	

IN this country we are in the midst of an adult education movement. University home study courses are one of the important factors in this progressive movement, for they offer expert guidance under educators qualified to direct. Our courses have been prepared by our instructors to meet the special requirements of study at home. While all basic material essential to the full understanding of each subject is fully covered, sufficient elasticity is allowed to permit adaptation to the individual needs of the student. Everyone who enrolls for a Columbia course is personally taught by a member of the University teaching staff. Special arrangements can be made for group study . . . The University will send on request full information about these home study courses. A coupon is printed below for your convenience. If you care to write a letter briefly outlining your educational interests our instructors may be able to offer helpful suggestions. Mention subjects which are of interest to you, even if they are not listed here, as additions to the courses offered are made from time to time.

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3820

Growth Adds 681,000 New Customers

NORMAL growth of the same properties has increased the number of customers served by the Associated System from 687,000 in 1920 to 1,368,000 at the end of 1929.

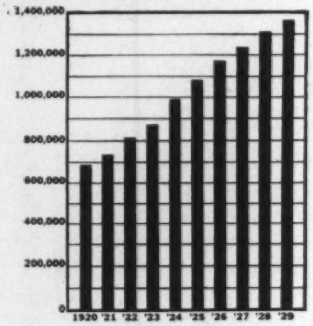

Chart shows number of customers

An interesting feature of this growth is its regularity. Year in and out, the number of customers has increased at an annual rate of about 10%. This steady growth in customers has been accompanied by a similar growth in earnings. Since 1920 gross earnings have increased 108% —number of customers 98%.

To make an Associated investment write for booklet D27

Associated Gas and Electric Company

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It pays to install good valves first

Jenkins Valves may cost a little more because it costs more to manufacture valves of Jenkins quality. To install Jenkins throughout a building is basically sound economy. Good valves, installed first, remain good, and contribute to operating efficiency and low upkeep during building life. . . . . Jenkins Bros., New York, Boston, Philadelphia, Chicago.

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Book Advertising Shows Results

WHEN Lockwood-Shackleford Company, of Los Angeles, made known its findings in a study of advertising appropriations, American book publishers got busy, made some additional calculations, disclosed that very few industries spend for advertising as large a percentage of sales total as is devoted to book promotion and none show a higher average, notwithstanding the smug claim of the country's confectioners that they sell $10 worth of candy to every book sold in this country.

Statistics from Lockwood-Shackleford on advertising in terms of percentage of sales, to which book publishers add their own figure:

Books, 10% of sales.
Automobile (small), $2 to $5 per car.
Automobile (medium), $8 to $20 per car.
Automobile (high grade), 1 to 3%.
Automobile Accessories, 2 to 7%.
Cameras, 2 to 3%.
Candy, 3 to 5%.
Cigarettes, 3 to 8%.
Cosmetics, 8 to 12%.
Food Products, 1.30%.
Footwear, 3 to 5%.
Grocery Products, 1 to 4%.
Refrigerators, 7.5%.
Soap, 2 to 7.5%.
Toilet Preparations, 3 to 12%.

Just a little proud of these statistics, the country's bibliolatrists went one step farther, discovered that last year, for the first time in the history of United States publishing, the total number of new books and editions passed 10,000, showed an increase of 1,000 over 1928 totals.

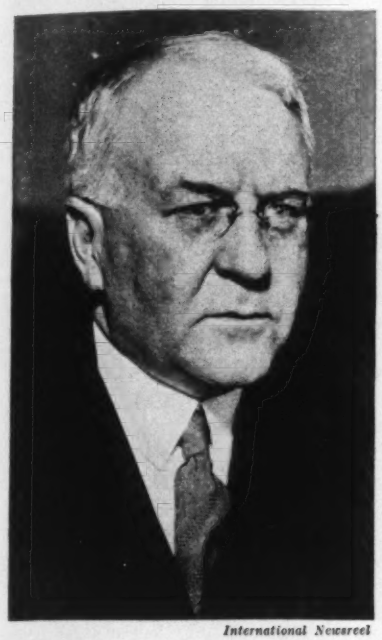
Surprising as are these figures, there is a real shock for most of the public when they know that wealthy, literate America is surpassed by five countries—including Russia and Japan—in the number of new titles or editions published last year. In the same year in which the United States published 10,153 new books, France published 11,922; Great Britain, 13,810; Japan, 19,967; Germany, 31,026; and Russia, 36,680.

Less surprising after these figures is the fact that public book demands in the entire United States are supplied by 6,000 bookstores, that only one-third of 1% of total annual expenditures in this country goes for books.

Fiction showed the greatest advance, though the demand for bibliography, fine arts, geography, and children's books has more than doubled in the last 10 years. Gradually dropping in public interest are books on sociology, history, agriculture, and science.

Couzens Proposes Annual Salaries for Workmen

"Unless business voluntarily assumes job of preventing unemployment, the public will"



International Newsreel

SENATOR COUZENS

JAMES COUZENS, portly, ruddy, quiet-eyed, spectacled, hard-spoken millionaire Senator from Michigan, who once took a chance on a wild proposition of a certain Henry Ford, doesn't think much of American business men. They don't take enough chances on new ideas. They haven't enough initiative, intelligence, intestinal fortitude, foresight, mental area. That's why, he tells *The Business Week*, we had this business crash, and why we'll have more of them if our business leaders dawdle along, or are allowed to dawdle along, as they have.

Couzens is a solon hard to classify. Republican, of course, but when you look at him and Borah and Norris and Grundy and Brookhart under the crystal chandeliers of the Senate lobby, you realize that the G. O. P. may have survived so long because it is a kind of political Noah's Ark, a zoological collection, not so strictly or exclusively elephantine as the Democratic party is asinine.

As manufacturer, banker, business man, U. S. Commerce Chamber director, —as midwife at the birth of the first automobile in 1903 and grown up with our biggest, most American industry, you naturally pick out a nice standard political pattern for Couzens. But try it on, on any issue, and it just doesn't fit. This roving Republican moves through the Senate chamber, dropping bombshells by the way, hewing to no rigid line of party but only to a certain wavy line of independent common sense—which is perhaps only advanced business sense.

His Canadian birth may have something to do with his detached point of view toward American business; but that imaginary border cannot have meant much save the open, somewhat cold, mind that is bred in open, cold places. Growing up with an industry that had no precedents, no rules, no fears—nothing but hopes and brains—is probably the main thing that makes Couzens so caustic of American business men in general.

Anyway, as he puts it himself to *The Business Week*, he's a "hell-raiser" and believes that nothing gets done, in politics or business, save by "hell-raising all along the line." That's why just now he's doing some raising of this kind with his Federal Power Commission bill, and is going to do more with another idea which he sprang on the Michigan Manufacturers Association some weeks ago.

Labor Won't Take Promises

Why, he asks, should we periodically indulge in these fits of yelping about Communist wild animals and yet go on feeding them, as we have done, with constant evidence, like this business slump, that by grace of the inertia, indifference, and narrow-mindedness of our business leaders capitalism is such a rotten system? Politicians, captains of industry (and economists are included in his contempt) should not assume, as they have, that our population is composed nine-tenths of morons who will believe as gospel all the vague, reassuring things said to them about the business situation when they know well enough that they haven't a job or enough to eat.

"In the course of time," "in a few months" means nothing to those who need a job now—today, or at latest, tomorrow. You can't fool these people by stalling and promising, nor can you blame them if they do not sufficiently appreciate the virtues of this business system that has bumped them so hard to be unwilling to take a chance on something else. If business doesn't want to take a chance on something better it can devise, the public will.

For, says Couzens, labor is the innocent bystander who gets the bumps in these business smashes, when the business machine goes wild as it did last year, and he has a natural right to wonder whether something isn't seriously wrong with the driver. Couzens was mayor of Detroit through the slump of 1921, when thousands of men were thrown out of work overnight. He forced the City Council to give him a free hand in taking care of them—"who had made the city what it was"—without breadlines and destruction of their self-respect.

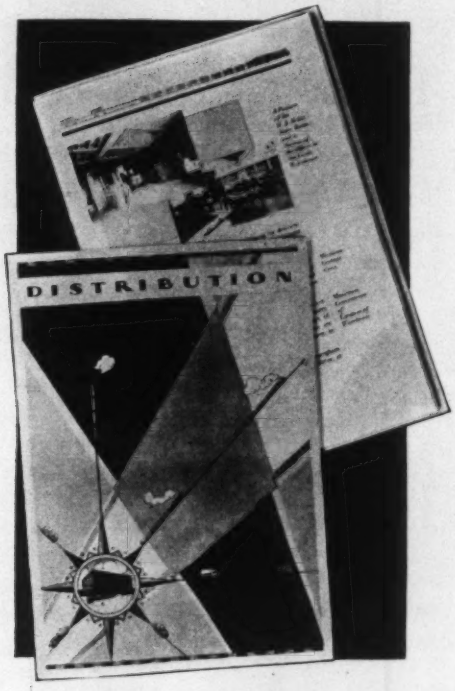
Wages As Fixed Overhead

This depression, Couzens thinks, is worse than that—psychologically. There was no World War to blame it on. It has all seemed so unnecessary that the average worker's faith in the wisdom and ability of business management is seriously undermined. The Senator agrees with him in that suspicion and proposes to fix the responsibility where it belongs. The driver—business management—can keep the car out of the ditch if it wants to; but if it can't learn and obey the traffic rules, it will have to be forced to do so. Sooner or later business will have to make a clear choice between voluntary initiative or state compulsion in protecting and stabilizing the purchasing power of labor.

There is no way to do this, he feels, unless business frankly and voluntarily accepts the principle that wages should be a fixed overhead charge on industry, to which it will have to adjust its production and marketing program and its production costs. To treat wages in this way—either by guaranteeing employment, or by guaranteeing income by paying workers on a yearly salary basis—will enable business to budget itself intelligently, force it to greater efficiency and above all will control output so as to avoid the runaway overproduction that brings depressions.

Some Are Alive to Need

Management, he says, should voluntarily set up this spur of a fixed wage charge in its bed of roses to keep itself awake and alive, compel itself constantly "to get its money's worth out of labor" just as good management is forced to get its money's worth or be fired when it buys materials. Many are



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doing it now—Packard, Hills Brothers, others; but most business men's vision is confined to the narrow rules of the ledger. They do not see underneath and all around their business. Couzens says they ought to have a little spell of training in politics, like himself, to understand better the many forces that play and drag upon every enterprise and every issue.

If more do not see this necessity and accept the salutary discipline of purchasing power insurance, there is no alternative, in Couzens' eyes, but to tax them into it.

The Senator doesn't want mere relief—unemployment doles; that is to him a confession that business intelligence and initiative are bankrupt, and he doesn't quite believe that; we are only awfully lazy. He wants business to protect its real market by good management. If it will do so voluntarily, good; if not, the states will have to tax industry so as to penalize bad management. He wouldn't like to see this; it would probably penalize the good along with the bad; but even this might work out beneficially in the end because the good would soon "raise hell" about the bad and make them come around.

For, in the Senator's view, all good business men are, like himself, chronic "hell-raisers."

An Equitable Wage For Overtime Work

MEAD PULP & PAPER CO., Chillicothe, O., has adopted an interesting plan to assure fair treatment of workers in making overtime allowances. Mill operators occasionally are required to report at night to assist in making repairs or to change wires on their machines. Frequently, time required for the work is so short that payment, even at time-and-a-half rates, is not adequate compensation.

The company has now ruled that such workers shall receive a minimum of three hours' pay for all time under two hours; time over two hours will be paid at time-and-a-half as before.

To insure fair treatment for the company, another rule has been made which requires straight time to be paid to workers called in to assist in repairing their machines following their shutdown for 24 hours or more, not including Sundays or holidays. The idea behind this rule is that, because of the temporary shutdown, the operators would have been out of work altogether unless employed at repairs.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

RELATIVELY speaking, business is improving. Winter's accumulation of purchasing power has this year been seriously curtailed by evaporation and fall of commodity values. With this evaporation profit margins, both agricultural and industrial, have been lost. Unemployment has reduced wage savings. More goods and less wealth to buy them have resulted. Absorption must precede revival, and this will take time. On the other hand, there are indications that price levels have hit bottom and are hardening. If present cheap money were withdrawn the gloominess of the business outlook would be accentuated to the depression point. Given the relaxation now in course, further recession of activity is not expected, but it is unlikely that seasonal recoveries will approach last year's exceptionally high rate, or more than equal 1928 business volume.

By Special Cable to The Business Week

Great Britain—Business sentiment is more irregular. If it is less buoyant than during the past two weeks, when successive bank rate reductions encouraged greater optimism than probably was substantiated by actual conditions, there is no tendency now to revert to the extreme pessimism of preceding months. Once the budget uncertainties are removed, the tariff policy announced, and the tax burden established, there will be a real opportunity for a careful stock-taking of realities. The past fiscal year closed April 1 with a deficit of $72,000,000. Estimates for the coming year forecast the necessity of $200,000,000 additional revenue, but the actual extent and the kind of increased taxes cannot be known before the budget bill is announced, April 14.

Unemployment, now 1,622,000, has reached its peak since 1922, but indications of seasonal revival are now more apparent with relatively cheaper money and renewed long-term capital activity favoring enlargement of consumption, particularly of goods for capital account, such as building and plant material and machinery. More plentiful money will also enable industry to continue to reorganize and take advantage of any trade expansion.

Several current trends are obvious in connection with these conditions:

Declining or uncertain—coal, light chemicals, cotton goods, export rayon;

Depressed but with prospects for improvement—iron and steel, engineering, domestic electrical, domestic cotton goods, woolens, building trades, shipping, leather;

Fair to good—tinplate, heavy chemicals, electrical exports, motorcycles, ceramics, shoes, linen, retail trades, agriculture.

The textile industry faces new labor problems. Wool operatives may strike as protest of the Macmillan Commission findings involving 9% wage cut. Cotton operatives are disturbed over the proposed extension system expected temporarily to displace labor but which will go far towards enabling industry to recover its competitive position with eventual benefit to the unemployed in the textile industry, now the largest category of Britain's workless.

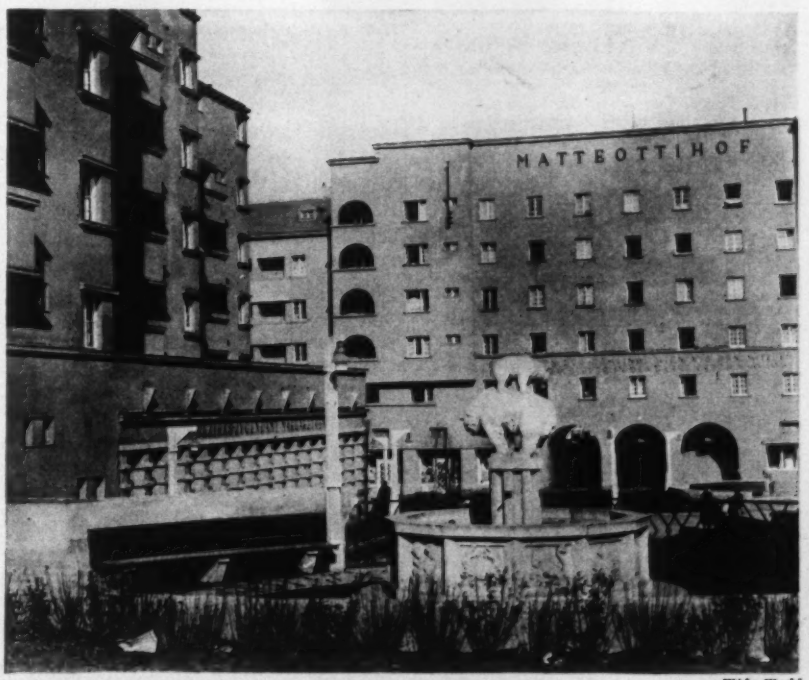
By Special Cable to The Business Week

Germany—The new Bruening cabinet, composed of bourgeois elements, represents the badly needed "business man's government" but, unfortunately, it is politically sandwiched between Socialists and Fascists, and is dependent for a majority upon the moderate wing, the German Nationalists.

Despite the fact that the new cabinet includes three new ministers who voted against the Young Plan, Bruening and Curtius promise continued adherence to the Plan. Inclusion of Herr Schiele, noted agro-economist and leader of the Nationalists, as Food Minister, may presage still more radical farm relief measures than the tariff increases passed last week and already effective. Attention already is focussing on the ambitious program of de-taxation and credit relief for East Prussia. The new minister, Bredt, leader of the so-called Business Party, forecasts the possibility of early partial de-control of national artifical rent restrictions.

An international consortium which includes Lee, Higginson, will advance credit totalling $116 million, first part available early in April, the second in mid-June, thus permitting substantial reduction of the floating debt and easing of the immediate tight position of the treasury. Despite the political crisis and little if any seasonal activity, business is somewhat more optimistic due to the renewed foreign participation in the bond market, the success of the $20 million Rhine Westphalian issue floated in New York, and the expectation that credit forthcoming will relieve the money market of the constant pressure of government borrowing.

Commercial failures still continue at a high level and, this week, include outstanding Hamburg leather firm of Loges and Rasmussen, with liabilities of



Wide World

MODERNISM IN APARTMENTS

The new Viennese architecture is characterized by simplicity and usefulness. These multi-family houses are part of a development in the Austrian capital

—*Just published*

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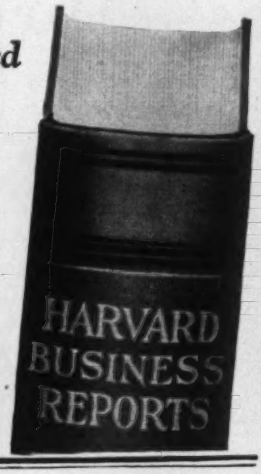

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B. W. 4-9-30

$4 million and involving 16 German and British banks.

Negotiations to revive the international zinc cartel momentarily having failed, German producers are agitating for an import duty of $15 a ton to strengthen the German position in succeeding parleys. Stahlwerke Becker, important steel concern, recently planning to shut down, now agrees to carry on if employees accept a wage cut. This is significant of the probable wage trend. The annual report of Demag Duesseldorf, leading machine builders, states exports for 1929 constituted 64% of total sales, against 41% in 1928, illustrating the strong push in German industry for foreign markets.

At the stockholders' meeting, German Ford directors state that the capacity of the new Cologne plant is 200 cars daily compared with present capacity of Berlin plant of 100. Sales for the first quarter have been satisfactory. An increase of 50% to 60% is anticipated for the year.

By special cable to The Business Week

France—Business is confident, notwithstanding reports of decreased activity in some trades and failure of the Senate to pass the Budget Bill before expiration of the fiscal year-end, necessitating recourse to provisional monthly appropriations at least for April. Preliminary announcements of proposed detaxations cause some confidence. As a result of successive false starts, the stock market, under efforts of professionals to break public speculative lethargy, has petered out. It is believed the government is desirous of holding the market confident but in suspense till it is determined what disposition it desires to make of the Young bonds, expected to be issued in May. There is a probability that the total of $100,000,000, France's share, will be issued to the Federal debt sinking fund office as a basis for exchange conversion of outstanding 5% and 6% domestic bonds. Meanwhile, bond issues, though below the February peak, continue to absorb capital, the total for the past 15 months now exceeding $500 million. Short-term money still is overabundant and tending to lower levels. The Chamber of Deputies has ratified the Young Plan by practically a unanimous vote. The Senate is expected to follow suit.

Agricultural relief legislation has been further enlarged by increasing to $9 million the authorization previously given to the government to buy wheat and extending it through July; and to $4 million the subsidies to wheat exporters to be distributed in amounts equal to last year's wheat import duties. France, usually a wheat importer, this year is able to export from 200,000 to 500,000 tons, but forecasts for the coming crop year indicate that imports of 700,000 tons are probable.

Considerable resentment against America's increased lace duties gives impetus to the incipient "Buy French Goods" movement supported by Chambers of Commerce under the leadership of Paris. Directed at imports in general, United States imports are likely to feel the brunt of it just now. Notwithstanding universal resentment over the lace duty, there are still prospects that the pending revision of French automobile duties will result only in minor increases.

By special cable to The Business Week

Belgium—Business is, and is expected to remain, quiet without appreciable recovery or further depression. However, legislation against plural voting of shares and cheap money strengthen the stock exchange while the program for economic relief of the Congo area stimulates securities of colonial enterprises. Acquisition of Sofina, electric trust, of several German municipal power plants marks further notable expansion of Belgian interests in foreign fields. French diversion of part of Alsatian potash export shipments from Antwerp to Rotterdam further accentuates Franco-Belgian breach and favors rapprochements of certain elements in Belgium and Germany.

By special cable to The Business Week

Holland—Country now has lowest private bank rates in the world. Call rates are at ¾%; private discount is 2 1/16%. Excessive fluidity is attributed partly to influx of German capital and momentary presence of these deposits. The stock exchange, after a prolonged lethargy, is showing signs of revival. There is returning interest in American stocks. Several foreign and colonial issues last month were all well-supported. The Alsatian Potassium Company, with export shipments amounting to 600,000 tons in 1929, diverts a portion from Antwerp to Rotterdam where it has contracted a lease on extensive pier storage with possible further extension. Latest estimates of financial results of Zuyder Zee reclamation show a deficit of at least $80,000,000, but probably the project will be completed. East Indian reports confirm the scramble by Royal-Standard-Gulf, also Mitsui, to obtain concessions in rich new oilfields of eastern Borneo, which is likely to lead to important developments in Far Eastern oil position.

Today's Race Is For New Markets

THE startling changes in materials, methods and markets which promise to remake our entire business life were strikingly portrayed by Granville P. Rogers, managing director, Steel Founders Society of America, at the St. Louis meeting of the society last week.

In steel, particularly, manufacturers have found that new methods and processes are revolutionizing operations considered standard since the beginning of the industry.

Markets Change Over Night

Markets change as quickly, with as widespread effects as methods, according to Mr. Rogers. At one time, 10% of National Lead Co.'s sales were for radio batteries. Electric radio sets are gradually killing this market, so a new market has been developed in lead storage batteries for industrial and delivery trucks. Electric storage batteries are encroaching on this field now and the search for new markets must continue.

National Carbon Co., Mr. Rogers said, started out with Presto-lite as its big product. Electric systems eliminated this product. Then carbon became important in radio batteries where, again, the electric sets are now driving it out. Their present market development work is with radio tubes, health lamps and similar articles, but they must always be on the alert for new outlets.

Expansion by Absorption

One way in which modern industry is meeting these new problems is to absorb outside competition. Mr. Rogers cites the history of Radio Corp. of America as a typical example. Radio started out as a holding company for radio patents. Its first active job was to license builders of broadcasting stations. Next it began to manufacture radio sets, tubes. Some inducement was necessary to make the public buy its products so it began broadcasting, developed high class programs, and eventually bought National Broadcasting Co.

In this effort, it found the movies a real competitor so it went into the movie business. To sell movies profitably it had to own theatres so theatres were bought. Vaudeville was a competitor of movies, so Radio purchased Keith-Orpheum. Then came the talkies to threaten the existence of radio, movies, and vaudeville, so R. C. A. went into the talkie business.

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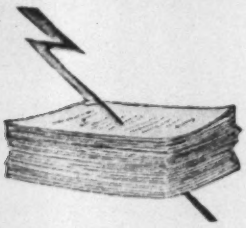

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Advisers on Advisers

BUSINESS relies more than it realizes on professional men—lawyers, engineers, accountants, advertising executives, bankers, and so on. The system has become so complicated, remarks J. O. McKinsey, University of Chicago management expert, that we now have another type of professional adviser, increasing in numbers and influence. He is the adviser that tells business what other advisers to use and when: the management engineer.

SUCCESSFUL handling of men, one management engineer comments, is in large part the ability to get them to accept as their own better ideas than they can originate. "When a man comes to me with a 'new idea,'" he observes, "and I recognize in it one of my own in mangled form, I begin to feel that I am making progress."

What Hath Research Wrought?

NOW a commodity essential to the maintenance of the American standard of living, rubber will become one of the necessities of life if, as now seems possible, it is adapted to the manufacture of chewing gum. So far, chicle has been able to resist competition, but a 3-to-1 advantage in price is spurring on the efforts of one of the rubber manufacturing firms to put rubber into stick form for mastication.

The ordinary smoked variety is hardly suitable for this purpose. It is the fresh latex, sap of the rubber tree, which is being used in the present experimental research to determine whether it can be satisfactorily compounded with sugar and flavoring extracts. In the news for years, rubber will soon be on every tongue if these experiments turn out successfully.

FACTS of company research activities and accomplishments are being used these days to inject news appeal into advertising. Readers have learned to look to research for news of major import. Business capitalizes this fact. Much more can be told than usually is, without revealing to competitors anything they do not know. To take the public into confidence builds good-will speedily. It is a wise policy.

The Next Best Bet?

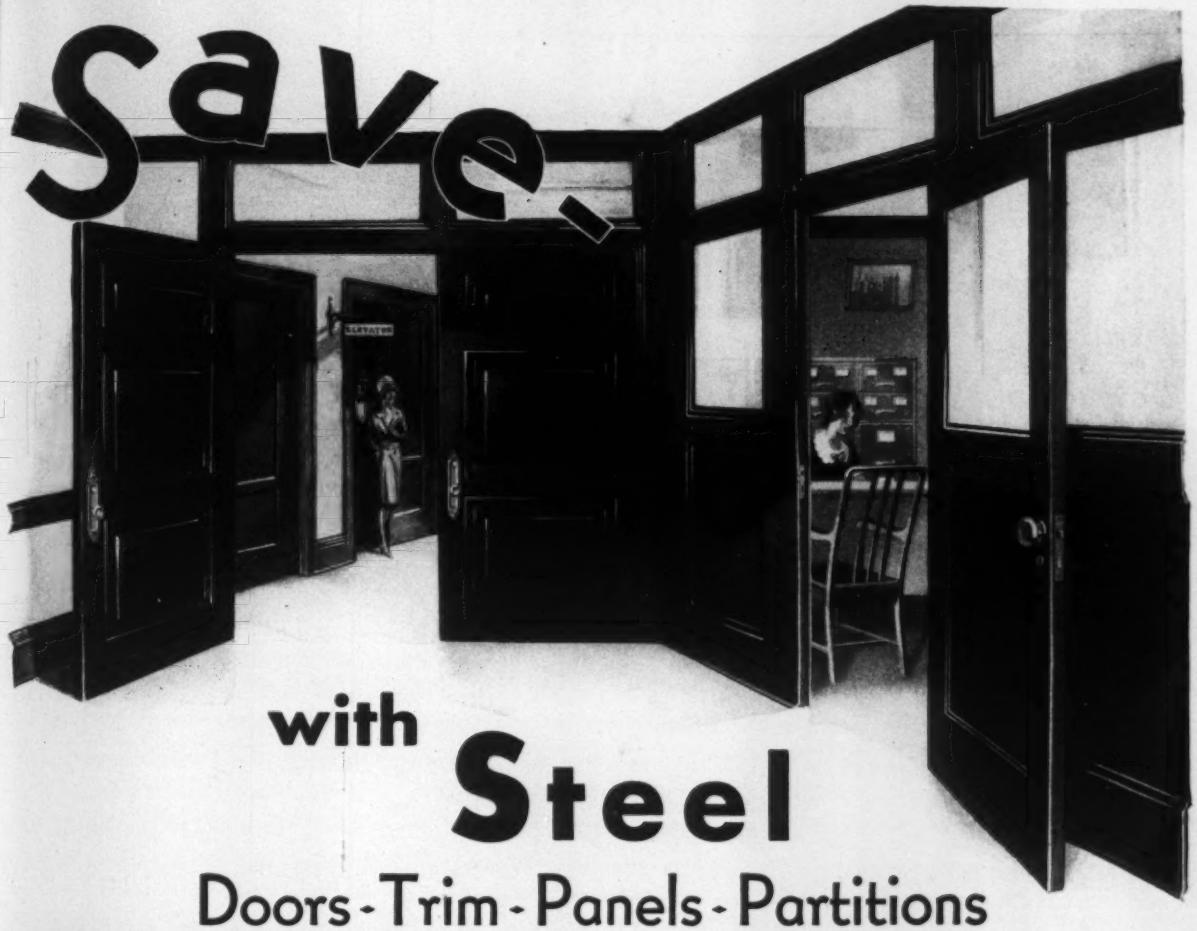
LONG-CONTINUED prosperity, 1922 to 1929, was distinctly a new-industry prosperity—automobiles, radio, and latterly aviation (*The Business Week*, January 29). To what new industries shall we look for another boom period? We nominate for one the Diesel engine. Its potentialities are generally under-estimated. A plane driven by a Packard Diesel recently flew from Detroit to Miami on a few dollars' worth of fuel. An automobile went from Indianapolis to New York on less than $2. Even if it be not adapted to passenger car travel, the Diesel engine has in it the possibilities of making present bus, truck, and air transportation seem puny in comparison to what can come. But what if Diesels rendered existing automobiles obsolete!

HALF the people in the United States are under 26 years of age. This thought jars somewhat on "young" men in the 30's, to say nothing of those farther along. Its meaning to business is that appeal to youth cannot be disregarded in designing merchandise. Youthfulness and freshness of American goods, particularly in recent years when even pots and pans have become colorful, indicate that the slogan of Robert Burns Panatelas radio programs, "For young men and men with young ideas," holds good for all kinds of business today.

World's Busiest Airport

WHAT'S the world's busiest airport? Le Bourget, Croydon, Tempelhof would be the three likeliest guesses. But the record-holder comes close to doubling their combined February total of 3,886 transport passenger arrivals and departures. In the same month it served 7,373 travelers and joy-riders. It's in Tulsa, Okla.

Save with Steel



Doors - Trim - Panels - Partitions

GOVERNMENT officials and commercial groups are today urging every progressive American to build this year those structures which are needed. This suggestion, sponsored by the nation's best informed men, arises from the definite conviction that *now* is the *advantageous time* to build.

But greater care must be exercised in the selection of building materials. Obsolescence has come too quickly. Repairs have been needed too soon. These two factors alone are costing American building owners $900,000,000 a year. Structures which definitely fight off time; that require little upkeep and repair are the present need. Steel building products fill this need.

Take steel doors, panelling and trim, for example. These products arrive already to erect. No warping, sagging, shrinking or cracking can take place. The doors go up quickly—fit perfectly. The trim snaps into place with absolute precision. The building is finished many weeks ahead of the usual time.

No noisy, dirty, expensive refitting is ever required. The beautiful baked-on finishes—or those applied on the job—remain fresh; unmarred for years. One dollar per year per door is often saved in revarnishing expense alone. Cleaning costs are halved. Tenants stay, for their space remains beautifully modern.

—And in office and industrial use, the steel partition is gaining rapidly. With all the advantages of a permanent, easily cleaned finish, these partitions can be erected or moved easily and speedily without interfering with the employees—without the dirt and expense of re-plastering and re-finishing. Lost rent, lost hours and lost money are saved. Information on any steel building product listed below will be supplied by Trade Research Division, Nat'l Ass'n of Flat Rolled Steel Mfrs., Terminal Tower, Cleveland, O.

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Stairways
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Ventilators
Window Trim

EDITORIAL

Give the Devil His Due

We have said some hard things now and then about the Farm Board and the farm relief law under which it operates.

We meant them, and we shall say them again whenever they seem to be called for. In a great experiment of this kind, in a democratic country, the business community must take a hand, make their fears, doubts, opinions felt. Everything cannot be safely left to officials and to Congress. The strengthening of agriculture is a matter in which everyone—not merely farmers, farm organizations or their legislative spokesmen—is vitally concerned. Beyond a doubt, American agriculture as a whole is and has been ever since the war a bankrupt industry. Its reorganization and restoration are necessary to the continued prosperity and soundness of American business as a whole.

We do not believe that this can be accomplished quickly, by direct subsidy, by export bounties, by price fixing, by any form of arbitrary governmental interference in the marketing of farm products merely for the purpose of raising prices. Not only are such policies bound to fail in the end, they are inevitably corrupting and intrinsically unsound. Such measures were not intended to be the essential purpose of the Agricultural Marketing Act, and Congressional pressure upon the Farm Board to confine its functions to these purposes should be resisted by all business interests.

Nor do we believe that the sound reorganization of American agriculture can be accomplished by using such means as these as an inducement to farmers to join or form cooperative associations. A strong and permanent cooperative structure is an important part of any program of agricultural readjustment; but it cannot be achieved by any kind of bribery or by any compulsion short of the practical nationalization and regulation of the industry as a public utility.

The things the Farm Board has done in these directions were done, we are sure, under the *force majeure* of an irresponsible Congress in a period of grave business emergency. There is reason to believe that the members of the Farm Board, who are for the most part men of exceptional ability, insight, and experience, have done them with misgivings, against their better judgment, and refuse to regard them as a settled policy. In doing them they probably prevented a serious crisis and softened the shock of a great business depression. As a sick business world recovers its health we hope these medicines will be put back on the shelf or thrown out of the window.

The Farm Board will then be able to proceed at last with the slower, more fundamental work of reconstruction for which it is developing plans and which the law contemplates. Its potentially great influence upon the better utilization of land, better distribution of crops and control of production, improved technique of farm operations and financing, better facilities for storage, processing, transportation, and marketing of farm products, will begin to show itself in a healthier, more modernized agriculture.

In this work, it should be free from Congressional interference and should have the sympathetic interest and cooperation of all other business groups, who are certain to benefit from every real advancement in the country's greatest industry.

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